15 NOV. 1939

BOLIVIA

A G R E E M E N T

THIS AGREEMENT made and entered into this FOURTEENTH day of JULY, 1938, by and between THE RYAN AERONAUTICAL COMPANY, hereinafter referred to as "RYAN" a corporation organized under the laws of the State of California, with its principal office and place of business in the City of San Diego, California, and AIRCRAFT EXPORT CORPORATION, hereinafter referred to as "AIRCRAFT", a corporation organized under the laws of the State of Delaware, and having its principal office and place of business in the City of New York, New York,

W I T N E S S E T H: That

WHEREAS,"Ryan"is engaged in the manufacture of certain types and models of airplanes, spare parts, accessories thereto;

And whereas,"Aircraft"is engaged in the business of selling airplanes in Bolivia, South America and has proper facilities for selling said products, is desirous of engaging itself as exclusive sales representative for said products of"Ryan"within Bolivia, South America,

NOW, THEREFORE, for and in consideration of the sum of One Dollar ($1.00) and other valuable considerations by each to the other paid, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

(1) "Ryan"hereby appoints"Aircraft"its sole and exclusive agent in Bolivia, South America for the sale within that country of said products manufactured by"Ryan" consisting of"Ryan"airplanes of the model ST series and SC series, spare parts and accessories for same manufactured by"Ryan"and offered for sale during the effective life of this agreement.

(2) "Aircraft"agrees to represent"Ryan"as its exclusive agent in the above territory and agrees that its officers and employees will use their best efforts to advertise and sell the above mentioned products in the exclusive territory covered by this agreement. All advertising and sales expenses in connection therewith to be borne by"Aircraft"

(3) "Ryan"will not, without prior approval of"Aircraft," sell any products of "Ryan"to any person in said territory and will not sell to any person outside said territory where it has knowledge that the products so sold are intended for re-shipment to said exclusive territory. "Ryan"further agrees that any inquiries or orders for said"Ryan"products received from the territory covered by this agreement shall be referred to"Aircraft"

(4) "Aircraft"agrees that during the term of this agreement it will not represent or sell within said exclusive territory any products which compete with those products of"Ryan"covered by this agreement.

(5) It is understood and agreed that"Aircraft"shall have the right hereunder to buy said products of"Ryan"itself and resell the same to persons in the territory covered by this agreement, or to take orders for sale in said territory made out to "Ryan," all orders, however, to be submitted to"Ryan"for approval and not to become binding upon"Ryan"until approved and accepted by"Ryan"in writing by an authorized officer of"Ryan."

In this latter event"Ryan"will, at the request of Aircraft, either

(a) Bill the purchaser for the total purchase price to be paid by said persons and remit to"Aircraft"the difference between said total purchase price and the price to be charged"Aircraft," or

(b) Bill"Aircraft"for the price to be charged"Aircraft"and permit"Aircraft" to bill and collect the selling price from the purchasers. "Aircraft"shall be at liberty to sell said products in said exclusive territory upon such terms and conditions as deemed proper and agreed upon from time to time by"Aircraft"and"Ryan."

(6) "Ryan"agrees to ship the goods in the manner and to such consignee as "Aircraft"may in each instance direct.

BOLIVIA

A G R E E M E N T

THIS AGREEMENT made and entered into this FOURTEENTH day of JULY, 1938, by and between THE RYAN AERONAUTICAL COMPANY, hereinafter referred to as "RYAN" a corporation organized under the laws of the State of California, with its principal office and place of business in the City of San Diego, California, and AIRCRAFT EXPORT CORPORATION, hereinafter referred to as "AIRCRAFT", a corporation organized under the laws of the State of Delaware, and having its principal office and place of business in the City of New York, New York,

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(4) "Aircraft"agrees that during the term of this agreement it will not represent or sell within said exclusive territory any products which compete with those products of"Ryan"covered by this agreement.

(5) It is understood and agreed that"Aircraft"shall have the right hereunder to buy said products of"Ryan"itself and resell the same to persons in the territory covered by this agreement, or to take orders for sale in said territory made out to "Ryan," all orders, however, to be submitted to"Ryan"for approval and not to become binding upon"Ryan""until approved and accepted by"Ryan"in writing by an authorized officer of"Ryan."

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(b) Bill "Aircraft"for the price to be charged"Aircraft""and permit"Aircraft" to bill and collect the selling price from the purchasers. "Aircraft"shall be at liberty to sell said products in said exclusive territory upon such terms and conditions as deemed proper and agreed upon from time to time by"Aircraft"and"Ryan."

(6) "Ryan"agrees to ship the goods in the manner and to such consignee as "Aircraft"may in each instance direct.

(7) The relationship between"Ryan"and"Aircraft"established by this agreement is that of vendor and vendee. It is agreed that"Ryan"is in no way whatever responsible or liable for representations by"Aircraft" its officers or employees.

(8) The period of this agreement shall be for one (1) year from the date hereof unless otherwise previously cancelled in accordance with provisions as follows:

(a) Either party has the privilege of cancellation of this agreement with respect to all territory covered hereby, by giving notice to the other party ninety (90) days in advance of the effective date of cancellation:

(b) If prior to expiration of notice of cancellation"Aircraft"places an order with"Ryan"for six (6) or more complete airplanes on acceptable terms, this cancellation provision shall be non-effective and null and void. It is agreed that in the event of termination of this agreement by either party or by expiration, Aircraft will be permitted to complete the sale and delivery of any products covered hereunder on which it may have previously placed an order with"Ryan" and therefore receive its profits or commissions thereon in the same manner and to the same extent as if the contract were still in force and effect.

(9) This agreement or any right of"Aircraft"as included in this agreement can not be assigned or transferred without the written consent of"Ryan".

(10)"Ryan"reserves the right to change the prices of its products from time to time as it deems necessary, including the right to discontinue the manufacture of any model or types of airplanes or parts therefor.

(11)"Aircraft"agrees to send"Ryan"frequent regular reports of its sales activities on behalf of"Ryan"products in said territory.

(12) Notices as provided for in this agreement shall be sent by prepaid, first class mail to the parties at the addresses set opposite their respective names:

Aircraft Export Corporation	30 Rockefeller Plaza, New York, New York
The Ryan Aeronautical Company	Lindbergh Field, San Diego, California

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed and their respective corporate seals to be affixed by their duly authorized officers as of the day and year above written.

THE RYAN AERONAUTICAL COMPANY

By T. Claude Ryan Pres

And

AIRCRAFT EXPORT CORPORATION

attest Secretary

By P. W. Wrightsman Pres.

15 Nov. 1939

AGREEMENT made this 15th day of November, 1939, between THE MILITARY COUNCIL OF THE NATIONAL GOVERNMENT OF THE REPUBLIC OF CHINA (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, to be represented with full powers for the purpose of executing this within agreement by MR. L. A. LEWIS (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:-

(a) Forty-eight (48) Model STC-4 Primary Two Place Trainers and Two (2) Model STC-P4 Single Place Pursuit Trainers, completely equipped as per Annex "A" which is hereby made a part of this Contract.

(b) Airplane and Engine spare parts in the amount of DOLLARS ONE HUNDRED FIFTY THREE THOUSAND SIX HUNDRED SEVENTY CENTS NONE ($153,670.00) in accordance with Annex "B" which is hereby made a part of this Contract.

The Buyer agrees to purchase said airplanes and said spare parts upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A".

SECOND: The total purchase price for FORTY-EIGHT (48) Model STC-4 Primary Two Place Trainers and TWO (2) Model STC-P4 Single Place Pursuit Trainers shall be DOLLARS THREE HUNDRED NINETY SIX THOUSAND SEVEN HUNDRED EIGHTY SEVEN CENTS SIXTY TWO ($396,787.62); and the total purchase price of the airplane and engine spare parts to be purchased shall be DOLLARS ONE HUNDRED FIFTY THREE THOUSAND SIX HUNDRED SEVENTY CENTS NONE ($153,670.00), making the minimum total purchase price for all of the airplanes and spare parts to be purchased hereunder the sum of DOLLARS FIVE HUNDRED FIFTY THOUSAND FOUR HUNDRED FIFTY SEVEN CENTS SIXTY TWO ($550,457.62) which the

Buyer agrees to pay as follows:

(a) Thirty-five percent (35%) or DOLLARS ONE HUNDRED NINETY TWO THOUSAND SIX HUNDRED SIXTY CENTS SEVENTEEN ($192,660.17) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane and spare parts therefor upon the completion and crating thereof at the factory of the Seller.

In order to provide for the payment of the balance due upon such airplanes and spare parts, the Buyer agrees to deliver to the Seller upon the execution hereof the irrevocable letter of credit of The Chase National Bank of the City of New York for the sum of DOLLARS THREE HUNDRED FIFTY SEVEN THOUSAND SEVEN HUNDRED NINETY SEVEN CENTS FORTY FIVE ($357,797.45), representing the balance due to the Seller upon the completion and crating of all of such airplanes and spare parts. Said letter of credit shall provide that the balance due to the Seller as each of said airplanes and spare parts therefor are completed and crated shall be payable to the Seller, from time to time, upon the presentation of the certificate of the Seller stating that the airplanes or spare parts referred to in said certificate have been completed, crated and are at the factory of the Seller at Lindbergh Field, San Diego, California, ready for delivery to the Buyer as hereinafter provided.

Title to each airplane and spare parts therefor shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by The Chase National Bank of the City of New York, and all risk of loss or damage thereafter shall be on the Buyer.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the Specifications as per Annex "A" and the minimum amount of spare parts for each type of airplane as set forth in paragraph FIRST hereof; and the Seller shall not be obligated to make any changes in said Specifications except by mutual agreement between the parties setting forth such

changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

Before any changes resulting in an increase in the purchase price of such airplanes or in any order for spare parts therefor in excess of the minimum amount specified in paragraph FIRST shall become effective, the Buyer shall furnish to the Seller an additional irrevocable letter of credit upon the same terms and conditions as that set forth in paragraph SECOND hereof providing for payment of such increase in price at the time of the completion of each of such airplanes and spare parts therefor in accordance herewith.

FOURTH: Delivery of said FIFTY (50) Airplanes and spare parts shall be made to the Buyer at the Factory of the Seller in Lindbergh Field, San Diego, California, in accordance with Annex "C" which is hereby made a part of this Contract.

The Seller shall not be liable for any delay in making delivery of said airplanes and spare parts within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph SECOND hereof.

FIFTH: Subject to any rules or regulations of the United States Government, or any department or subdivision thereof, during the construction of the airplanes covered hereby, the Buyer shall be privileged to send to the Seller's factory a total of ten (10) representatives, but the Buyer shall not send more than five (5) at any one time. The Seller agrees that while said representatives are at its factory it will use its best efforts to enable such representatives to study the manufacturing, assemblying and

servicing of such airplanes. It is understood that the salaries and expenses of such representatives shall be borne and paid by the Buyer and the Buyer agrees to indemnify the Seller against any claims arising out of injuries to or death of said representatives while in the factory of the Seller.

Every facility will be furnished to the Buyer to permit its representatives to conduct such inspection as they may consider desirable. The Seller agrees to notify the Buyer at least five (5) days before the anticipated date of completion of any airplane. If the Buyer does not complete an inspection thereof within ten (10) days after the date of such notice, the Buyer will be deemed to have waived any privilege of inspection which it may have hereunder. Any right of inspection is subject to any laws or regulations of the United States Government applicable thereto.

The Seller will also furnish to the Buyer a complete set of service and major assembly drawings.

SIXTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SEVENTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the seat of the National Government of the Republic of China.

EIGHTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

NINTH: In consideration of this order being placed by the Buyer with the Seller, the Seller agrees to furnish to the Buyer manufacturing rights gratis, which means that the Seller shall obtain for the Buyer, without cost to the Buyer, full and complete licenses and rights for the manufacture within the Republic of China of the type of Ryan STC series airplanes

purchased under this Contract and will furnish to the Buyer without cost to the Buyer one complete set of Van Dykes, two complete sets of blue prints of all working drawings and all other manufacturing information and data which shall enable the Buyer to manufacture these types of airplanes in China. The working drawings shall include bills of material and complete information with respect to the manufacture and assembly of parts in the form employed by the aircraft manufacturer in his own manufacturing processes. Should the Buyer desire additional copies of any of the foregoing, it is understood that the Seller shall furnish the same to the Buyer at the reasonable manufacturer's cost of labor and paper required for making such copies. With respect to the aforesaid manufacturing licenses and rights, it is further understood and agreed that drawings, specifications and all other data necessary for the making of jigs, tools, and fixtures for the construction of such types of airplanes will be furnished to the Buyer without cost to the Buyer and that the Buyer shall have the right to purchase from the manufacturer of such type of these airplanes all necessary jigs, tools and fixtures required for the construction of such airplanes in China and that the same will be furnished to the Buyer at manufacturer's cost and without profit to the manufacturer.

TENTH: Without assuming any responsibility the Seller agrees, at their own expense, to designate representative to check fly each airplane delivered in China.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and

representatives in Chungking, Szechuen, China on the day and year first above written.

Witness:

MILITARY COUNCIL OF THE NATIONAL GOVERNMENT OF THE REPUBLIC OF CHINA

Cheng Fu Wang

By H. H. Kung
Minister of Finance

Witness:

RYAN AERONAUTICAL COMPANY

D. W. Murphy

By
L. A. Lewis, Representative

S U M M A R Y

48 Ryan STC-4 Two Place Primary Trainers,
at US$ 7,816.60 ..... US$ 375,196.80

2 Ryan STC-P4 Single Place Pursuit
Trainers, at US$ 10,795.41 ..... 21,590.82

Airplane Spare Parts, as per Annex "B"
attached 96,360.28

Spare Engines and Engine Spare Parts, as
per Annex "B" attached 57,309.72

US$ 550,457.62

ANNEX "A"

RYAN STC-4 TWO-PLACE PRIMARY SECONDARY TRAINER
POWERED WITH MENASCO 165 HP ENGINE

STANDARD EQUIPMENT

Hartzell Wooden Propeller; Wing Flaps; Tab Balance Controls; Wheel Pants; Pneumatic Tail Wheel with Lock from Cockpit; Wheel Brakes; Oleo Shock Absorbers; Baggage Compartment; Reserve Fuel Supply System; Dual Controls; 2 Compasses; 2 Airspeed Indicators; 2 Oil Pressure Gauges; 2 Oil Temperature Gauges; One Fuel Gauge; One Impulse Hand Starter; 2 Altimeters; 2 Tachometers.

SPECIFICATIONS

Engine	Menasco C-4S2
Horsepower	165 HP
Maximum speed...	142 M.P.H.
Cruising speed (Sea Level)	128 M.P.H.
Stalling speed	54 M.P.H.
Landing speed (with flaps)	45 M.P.H.
Rate of Climb (Sea Level)	975 F.P.M.
Service Ceiling (Full load)	18,600 Ft.
Absolute Ceiling (Full load)... ...	22,000 Ft.
Weight empty (average)	1,053 lbs.
Useful load	547 lbs.
Pay load...	210 lbs.
Gross weight	1,600 lbs.
Cruising Range (Full load)	320 Mi.
Wing loading	12.90 lb/sq.ft.
Power loading...	10.65 lb/HP
Wing span	29' 11"
Length overall	21' 5 3/8"
Height overall	6' 11"

ANNEX "A"

RYAN STC-P4 SINGLE-PLACE PURSUIT TRAINERS
POWERED WITH MENASCO 165 HP ENGINE

STANDARD EQUIPMENT

Hartzell Wooden Propeller; Wing Flaps; Tab Balance Controls; Wheel Pants; Pneumatic Tail Wheel with Lock from Cockpit; Wheel Brakes; Oleo Shock Absorbers; One Compass; One Airspeed Indicator; One Oil Pressure Gauge; One Oil Temperature Gauge; One Fuel Gauge; One Impulse Hand Starter; One Altimeter; One Tachometer.

One 30 Caliber Fixed Machine Gun Installed Inside the Fuselage; Trunnion Post; Trunnion Bracket and Belt Assembly; Synchronizer gears for engine; Gun Control; Switch and Bracket (Stick Grip Type); Trigger Motor; Impulse Tube in Wire Assembly; Synchronizer Generator Unit (if required) Solenoid; Gun Sight Tube; Ammunition Box (400 or 500 rounds) Case Ejection Shute; Link Ejection Shute; Blast Tube; Metal Hinged Cover for Front Compartment.

SPECIFICATIONS

Engine	Menasco C-4S2
Horsepower	165 HP
Maximum Speed...	142 M.P.H.
Cruising Speed (Sea Level)	128 M.P.H.
Stalling Speed	54 M.P.H.
Landing Speed (With Flaps)	45 M.P.H.
Rate of Climb (Sea Level)	975 F.P.M.
Service Ceiling (Full Load)	18,600 Ft.
Absolute Ceiling (Full Load)... ...	22,000 Ft.
Weight Empty (Average)	1,053 lbs.
Useful Load	547 lbs.
Pay Load...	210 lbs.
Gross Weight	1,600 lbs.
Cruising Range (Full Load)	320 Mi.
Wing Loading	12.90 lb/sq.ft.
Power Loading...	10.65 lb/HP
Wing Span	29' 11"
Length Overall	21' 5 3/8"
Height Overall	6' 11"

SUGGESTED SPARE PARTS LIST FOR 2 RYAN STC-P4 AND 48 RYAN STC-4

Item	Quantity	Description	Unit Price	Total Price
1	48	Propellers - Hartzell	70.00	3,360.00
2	42	Spinner caps	10.00	420.00
3	18	Spinner backing plates	6.00	108.00
4	18	Cowling - complete sets	200.00	3,600.00
5	18	Cowl nose	61.00	1,098.00
6	18	Cowl bottom	36.00	648.00
7	19	Carburetor air scoop	15.00 - 15.99	285.00
8	18	Exhaust stacks - sets	20.00	360.00
9	25	Engine mount frame	75.00	1,875.00
10	14	Oil tank support	25.00	350.00
11	14	Oil tank	40.00	560.00
12	30	Flexible hose connection	1.00	30.00
13	14	Fuel lines	6.00	84.00
14	18	Oil lines	3.00	54.00
15	19	Gas tank	76.00	1,444.00
16	18	Gas gauge mechanism	5.00	90.00
17	63	Gas gauge - bakelite	2.50	157.50
18	19	Fuel shut-off cock	2.75	52.25
19	4	Fuselage metal assembly	750.00	3,000.00
20	19 sets	Engine mount steel attachment fittings	6.00	114.00
21	19	No. 1 Dural bulkhead	12.00	228.00
22	12	No. 3 Steel bulkhead	40.00	480.00
23	11	No. 5 bulkhead	6.00	66.00
24	12	No. 6 bulkhead	5.00	60.00
25	12	No. 7 bulkhead	5.00	60.00
26	12	No. 8 bulkhead	7.00	84.00
27	11	Fuselage tail cone	150.00	1,650.00
28	48	Windshield - front	11.00	528.00
29	48	Windshield - rear	11.00	528.00
30	19	Pelvis fittings - sets	13.50	256.50
31	18	Crash pad - front	4.00	72.00
32	18	Crash pad - rear	4.00	72.00
33	18	Back pad - front	4.00	72.00
34	18	Back pad - rear	4.00	72.00
35	12	Metal belly cover - sets	6.00	72.00
36	18	Fuselage nose cowl - sets	10.00	180.00
37	18	Front seat	10.00	180.00
38	18	Rear seat	10.00	180.00
39	18	Baggage door	8.50	153.00
40	9	Stub wing assembly - pair	300.00	2,700.00
41	17	Wing panel assembly - pair	700.00	11,900.00
42	18	Wing spars - sets	35.00	630.00
43	10	Wing tie rods - sets	38.00	380.00
44	18	Wing ribs - sets	41.00	738.00
45	18	Wing leading edge covers - sets	19.00	342.00
46		Alclad - 7 sheets each size		1,050.00
47	19	Wing tip bows - pair	8.00	152.00
48	9	Streamline wires - set	133.00	1,197.00
49	10	Wing walks	2.00	20.00
50	18	Wing walk matting	1.00	18.00
51	12	Wing fillets - pair	96.00	1,152.00
52	18	Wing wire fillets - sets	12.00	216.00
53	8	Flap assembly - pair	100.00	800.00
54	18	Aileron assembly - pair	120.00	2,160.00

Annex "B" (cont'd)

Item	Quantity	Description	Unit Price	Total Price
55	18	Fins	40.00	720.00
56	18	Rudders	50.00	900.00
57	14	Stabilizers - pair	80.00	1,120.00
58	14	Elevators - pair	100.00	1,400.00
59	14	Landing gear assembly - pair	430.00	6,020.00
60	14	Vee struts - pair	104.00	1,456.00
61	18	Wheels and brakes - pair	68.00	1,224.00
62	72	Brake discs - sets - pair	9.50	684.00
63	72	Tires (18 x 8.3) pair	41.00	2,952.00
64	72	Tubes - pair	15.50	1,116.00
65	18	Wheel pants - sets	145.00	2,610.00
66	18	Tail wheel assembly	90.00	1,620.00
67	18	Tail wheel forks	17.00	306.00
68	18	Tail wheel hubs	11.30	203.40
69	32	Tail wheel tires - 8"	14.50	464.00
70	32	Tail wheel tubes	3.60	115.20
71	85	Control stick rubber grips - pair	.40	34.00
72	9	Control assembly	350.00	3,150.00
73	13	Tab control assembly	60.00	780.00
74	42	Tab rollers	.75	31.50
75	19	Control cables - sets	64.00	1,216.00
76	62	Elevator cables - sets	8.00	496.00
77	48	Instruments - sets	158.00	7,584.00
78	18	Tachometer drive shafts - sets	5.00	90.00
79	84	Tachometer shaft cores	2.00	168.00
80	84	Safety belts - pair	7.80	655.20
81	72	Control surface pins and bushings sets	24.00	1,728.00
82	32	Landing gear bolts & bushings - sets	30.00	960.00
83	62	Gas tank rubber washers	.60	37.20
84	62	Strainer brackets	3.00	186.00
85	32	Lord mounts - oil tank - set	3.00	96.00
86	2000	Bolts, nuts and washers		400.00
87	84	Oil tank filler caps	2.00	168.00
88	84	Gas tank filler cap	2.00	168.00
89	420	Cowl fasteners	.20	84.00
90	419	Stop nuts	.10	41.90
91	90 lb.	Rivets "A" or plain	2.00	180.00
			US$	87,302.65
		Plus increase		7,393.72
				94,696.37
		Plus packing		1,663.91
		TOTAL Packed ex-Factory	US$	96,360.28

ANNEX "B"

E N G I N E S P A R E P A R T S

EIGHT (8) SPARE ENGINES, MENASCO C4S2 165 HP,

AND ENGINE SPARE PARTS, boxed at Factory,

TOTAL.... US$ 57,309.72

Itemized lists of engine spare parts to be submitted by the Seller for the approval of the Buyer within sixty (60) days after signing of this Contract.

ANNEX "C"

D E L I V E R Y S C H E D U L E

3rd MONTH : 5 Ryan STC-4 Two Place Primary Trainers

4th MONTH : 7 Ryan STC-4 Two Place Primary Trainers

5th MONTH : 6 Ryan STC-4 Two Place Primary Trainers
2 Ryan STC-P4 Single Place Pursuit Trainers
25% of Spare Parts

6th MONTH : 8 Ryan STC-4 Two Place Primary Trainers

7th MONTH : 12 Ryan STC-4 Two Place Primary Trainers
25% of Spare Parts

8th MONTH : 10 Ryan STC-4 Two Place Primary Trainers

9th MONTH : 50% of Spare Parts

9-10-40 Retd fr. Safety Box

RYAN AERONAUTICAL COMPANY

1/7 40 RYAN 262/FB

20 JUNE 1040

40 - Sand Planes

RYAN AERONAUTICAL COMPANY

AGREEMENT made this 20th day of June, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Forty (40) Ryan Model ST-M Airplanes equipped with Menasco Model C-4S supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The purchase price for said airplanes with standard equipment as specified in Annex "A" shall be Four Hundred Thirty-six Thousand and no/100 United States Dollars ($436,000.00) which the Buyer agrees to pay as follows:

(a) Thirty-five percent (35%) or One Hundred Fifty-two Thousand Six Hundred United States Dollars ($152,600.00) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

For extra charges and terms of payment for substitution of Pioneer instruments, plus installation of such other extra equipment as agreed upon, see Annex "B" attached hereto.

Guaranty Trust Company of New York

Foreign Department

New York, July 10, 1940.

On all communications please refer to
Our irrevocable obligation to
Pay ~~A-14932~~ A 15307

Ryan Aeronautical Co.,
San Diego,
California.

This Irrevocable Obligation to Pay replaces our Advice A-14932.

Dear Sirs:-

In accordance with cable instructions received from De Javasche Bank, Batavia, Java, N.E.I., we have established an Irrevocable Obligation to Pay in your favor for account of Netherlands Indies Government for

$283,400.(two hundred and eighty three thousand four hundred U.S.Dollars). . .

available by your drafts at sight on us accompanied by:

Commercial invoices - in six copies-describing merchandise as indicated below
Packing lists in six copies
Seller's affidavit of completion and manufacture and boxed for export, and
Receipts from a franchised carrier providing for shipment of Airplanes to the point of Los Angeles, California, f.a.s. such shipment to be made by said franchised carrier upon receipt of notice from the Royal Netherlands-Indies Ordnance Commission, New York, or their shipping agent as to the exact dock at the point of Los Angeles, California to which said f.a.s. shipment is to be made, said shipping receipt to show transportation charges prepaid,

representing the balance of the purchase price of 40(forty)Ryan Airplanes (lesvliegtuigen) the delivery of which is to take place as follows:

15 planes by August 14,1940
25 planes by October 13,1940

from San Diego to Los Angeles, California f.a.s.

Unless otherwise expressly stated, this obligation is subject to the Uniform Customs and Practice for Commercial Documentary Credits fixed by the Seventh Congress of the International Chamber of Commerce and certain guiding provisions.

This Obligation-to-Pay expires in New York on December 31,1940.

Yours very truly,

Authorized Signature

Authorized Signature.

manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the Specifications as per Annex "A", and the Seller shall not be obligated to make any changes in said Specifications, except by mutual agreement between the parties setting forth such changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

For changes and additions to the Specifications as per Annex "A", see Annex "B" attached hereto.

FOURTH: Delivery of said Forty (40) Airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:

Fifteen (15) on or before sixty (60) days from date of this Agreement and twenty-five (25) additional on or before one hundred twenty (120) days from the date of this Agreement.

The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph

SECOND hereof, and the terms of the letter of credit shall so provide.

FIFTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the Royal Netherlands INDIES ORDNANCE COMMISSION
~~Arsenal~~, 10 Rockefeller Plaza, New York City, or to Mr. F. Besancon, c/o Lockheed Aircraft Corporation, Burbank, California.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City on the day and year first above written.

NETHERLANDS INDIES GOVERNMENT

By A. Fischer.

HR

RYAN AERONAUTICAL COMPANY

By T. Claude Ryan - Pres.

ANNEX "A"

Standard Specifications

The Specifications for the said Ryan Model ST-M Airplanes shall be as set forth in the data describing this airplane model when equipped with the Menasco C-4S Engine, and under the heading of Standard Equipment; which descriptive data is attached hereto and made a part of this Agreement.

Performance and weight figures shall be within plus or minus five percent (5%).

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex "A":

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the buyer.

Installation of position lights and 6-V. battery and box.

Furnish ten (10) blind flying hoods.

Prices for the above extra equipment shall be as follows:

	Per Plane	40 Planes
Extra for Pioneer Instruments	$104.00	$4160.00
Installation only of two (2) each rate of climb indicators and turn and bank indicators	30.00	1200.00
Position lights	16.50	660.00
6-V. battery and box	23.50	940.00
Ten (10) blind flying hoods		1000.00
Total		$7960.00

Payment in full of Seven Thousand Nine Hundred Sixty United States Dollars ($7960.00) shall be made as an extra down-payment to the Ryan Aeronautical Company on or before July 1, 1940.

20 JUNE 1940

AGREEMENT made this 20th day of June, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Forty (40) Ryan Model ST-M Airplanes equipped with Menasco Model C-4S supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The purchase price for said airplanes with standard equipment as specified in Annex "A" shall be Four Hundred Thirty-six Thousand and no/100 United States Dollars ($436,000.00) which the Buyer agrees to pay as follows:

(a) Thirty-five percent (35%) or One Hundred Fifty-two Thousand Six Hundred United States Dollars ($152,600.00) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

For extra charges and terms of payment for substitution of Pioneer instruments, plus installation of such other extra equipment as agreed upon, see Annex "B" attached hereto.

JO JUNE 1810

In order to provide for the payment of the balance due upon such airplanes, the Buyer agrees to deliver to the Seller upon the execution hereof an irrevocable letter of credit of the Guaranty Trust Company of New York confirmed by it for the sum of Two Hundred Eighty-three Thousand Four Hundred and no/100 United States Dollars ($283,400.00) representing the balance due to the Seller upon the completion as above of all of such airplanes, except the payments due for other than standard equipment that may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time upon presentation of drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering sixty-five percent (65%) of the invoice value as indicated to be accompanied by (1) commercial invoice in ___six___ copies, (2) packing list in ___six___ copies, (3) Seller's Affidavit of Completion and Manufacture and boxed for export, and (4) receipts from a franchised carrier providing for shipment of airplane or airplanes to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchise carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of forty (40) Ryan Model ST-M Airplanes in one or more lots.

Title to each airplane shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by The Guaranty Trust Company of New York, and when said airplanes have been delivered F.A.S. the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned airplanes are

manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the Specifications as per Annex "A", and the Seller shall not be obligated to make any changes in said Specifications, except by mutual agreement between the parties setting forth such changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

For changes and additions to the Specifications as per Annex "A", see Annex "B" attached hereto.

FOURTH: Delivery of said Forty (40) Airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:

Fifteen (15) on or before sixty (60) days from date of this Agreement and twenty-five (25) additional on or before one hundred twenty (120) days from the date of this Agreement.

The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph

SECOND hereof, and the terms of the letter of credit shall so provide.

FIFTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the Royal Netherlands ~~Arsenal~~ DIES ORDNANCE COMMISSION, 10 Rockefeller Plaza, New York City, or to Mr. F. Besancon, c/o Lockheed Aircraft Corporation, Burbank, California.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City on the day and year first above written.

NETHERLANDS INDIES GOVERNMENT

By Fischer.

RYAN AERONAUTICAL COMPANY

By T. Claude Ryan Pres

ANNEX "A"

Standard Specifications

The Specifications for the said Ryan Model ST-M Airplanes shall be as set forth in the data describing this airplane model when equipped with the Menasco C-4S Engine, and under the heading of Standard Equipment; which descriptive data is attached hereto and made a part of this Agreement.

Performance and weight figures shall be within plus or minus five percent (5%).

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex "A":

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the buyer.

Installation of position lights and 6-V. battery and box.

Furnish ten (10) blind flying hoods.

Prices for the above extra equipment shall be as follows:

	Per Plane	40 Planes
Extra for Pioneer Instruments	$104.00	$4160.00
Installation only of two (2) each rate of climb indicators and turn and bank indicators	30.00	1200.00
Position lights	16.50	660.00
6-V. battery and box	23.50	940.00
Ten (10) blind flying hoods		1000.00
Total		$7960.00

Payment in full of Seven Thousand Nine Hundred Sixty United States Dollars ($7960.00) shall be made as an extra down-payment to the Ryan Aeronautical Company on or before July 1, 1940.

RYAN
27/6 - 257/FB

25 JUNE 1940

12 - Land Planes

CONTRACT AGREEMENT

RYAN AERONAUTICAL COMPANY

and

NETHERLANDS INDIES GOVERNMENT

AGREEMENT made this 25th day of June, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Twelve (12) Ryan Model ST-M Airplanes equipped with Menasco Model C-4S supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The purchase price for said airplanes with standard equipment as specified in Annex "A", plus extra charges for substitution of Pioneer Instruments and installation of extra equipment as itemized in Annex "B" shall be One Hundred Thirty-three Thousand One Hundred Eighty-eight and no/100 United States Dollars ($133,188.00) which the Buyer agrees to pay as follows:

(a) Thirty-five percent (35%) or Forty-six Thousand Six Hundred Fifteen and Eighty/100 United States Dollars ($46,615.80) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

In order to provide for the payment of the balance due upon

Guaranty Trust Company of New York

Foreign Department

New York, July 16, 1940

On all communications please refer to
OUR IRREVOCABLE OBLIGATION
TO PAY NO. A-15126

Ryan Aeronautical Corporation
Lindberg Field
San Diego, California.

Gentlemen:

In accordance with mail instructions received from Mr. L. L. E.Ornstein, Delegate Netherlands Minister, Washington, D.C. we have established our Irrevocable Obligation to Pay in your favor for -

U.S .$86,572.20 (EIGHTY SIX THOUSAND FIVE HUNDRED SEVENTY TWO AND 20/100 U.S.DOLLARS)

available by your drafts at sight on us accompanied by documents of a character which must meet with our approval, consisting of -

Commercial Invoices in six copies describing the merchandise as indicated below
Packing List in six copies
Your affidavit of completion and manufacture and boxed for export
Carrier's receipt providing for shipment of airplane or airplanes to the harbor of Los Angeles, California f.a.s. showing transportation charges prepaid

The amount of this Irrevocable Obligation to Pay is to cover the payments due on the delivery of twelve (12) Ryan ST-M airplanes equipped with Menasco Model C-4-S super charged engines according to contract dated June 25, 1940.

Unless otherwise expressly stated, this Irrevocable Obligation to Pay is subject to the Uniform Customs and Practice for Commercial Documentary Credits fixed by the Seventh Congress of the International Chamber of Commerce and certain guiding provisions.

This Irrevocable Obligation to Pay expires in New York N.Y.on January 31, 1941.

Yours very truly,

Authorized Sigmature

Authorized Signature

such airplanes, the Buyer agrees to deliver to the Seller upon the execution hereof an irrevocable letter of credit of the Guaranty Trust Company of New York confirmed by it for the sum of Eight-six Thousand Five Hundred Seventy-two and Twenty/100 United States Dollars ($86,572.20) representing the balance due to the Seller upon the completion as above of all of such airplanes, except the payments due for other than standard equipment that may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time upon presentation of drafts on The Guaranty Trust Company of New York, at sight, without recourse, covering sixty-five percent (65%) of the invoice value as indicated to be accompanied by (1) commercial invoice in -Six- copies, (2) packing list in -Six- copies, (3) Seller's Affidavit of Completion and Manufacture and boxed for export, and (4) receipt from a franchised carrier providing for shipment of airplane or airplanes to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of twelve (12) Ryan Model ST-M Airplanes in one or more lots.

Title to each airplane shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by The Guaranty Trust Company of New York, and when said airplanes have been delivered F.A.S. the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned airplanes are

manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the Specifications as per Annex "A" and Annex "B", and the Seller shall not be obligated to make any changes in said Specifications, except by mutual agreement between the parties setting forth such changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

FOURTH: Delivery of said Twelve (12) Airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:-

Twelve (12) on or before one hundred fifty (150) days
from the date of this Agreement

The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, eqrthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph SECOND HEREOF, and the terms of the letter of credit shall so provide.

FIFTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at The Royal Netherlands Arsenal, 10 Rockefeller Plaza, New York City, or to Mr. F. Besancon, c/o Lockheed Aircraft Corporation, Burbank, California.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City on the day and year first above written.

NETHERLANDS INDIES GOVERNMENT

By _____

RYAN AERONAUTICAL COMPANY

By _____
T. Claude Ryan, President

ATTEST:

_____
E. A. Smith, Secretary

ANNEX "A"

Standard Specifications

The Specifications for the said Ryan Model ST-M Airplanes shall be as set forth in the data describing this airplane model when equipped with the Menasco C-4S Engine, and under the heading of Standard Equipment; which descriptive data is attached hereto and made a part of this Agreement.

Performance and weight figures shall be within plus or minus five percent (5%).

ANNEX "B"

SPECIAL AND EXTRA EQUIPMENT

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex "A":

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the buyer.

	Per Plane	12 Planes
Extra for Pioneer Instruments	$104.00	$1248.00
Installation only of two (2) each rate of climb indicators and turn and bank indicators	30.00	360.00
Position lights	16.50	198.00
6-V. battery and box	23.50	282.00
Three (3) blind flying hoods		300.00
Total		$2388.00

Payment for above items to be a part of and included with the payment for the complete airplanes, as provided for in the body of the contract.

ADDENDUM NO. 1

to that certain Agreement made the 25th day of June, 1940 between the NETHERLANDS INDIES GOVERNMENT and the RYAN AERONAUTICAL COMPANY calling for twelve (12) Ryan Model ST-M Airplanes.

FIRST: This Addendum hereby specifies certain additional extra equipment and provides for additional payments therefore in accordance with the terms contained in paragraph THIRD of the aforementioned contract, and is hereby made a part of said contract.

SECOND: It is hereby mutually agreed that the following additional extra equipment (over and above the equipment previously specified in said contract) shall be supplied by the Seller:-

Twelve (12) sets all equipment necessary for the conversion of said airplanes to twin pontoon type seaplanes at a price of . . . . . $ 3,035.00 per set.

Total $36,420.00

THIRD: Payment in full of Thirty-six Thousand Four Hundred Twenty and no/100 United States Dollars ($36,420.00) shall be made as an extra down payment to the Ryan Aeronautical Company on or before July 15, 1940.

FOURTH: Delivery of said twelve (12) sets of seaplane equipment shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of this equipment are scheduled as follows:-

Twelve (12) sets on or before two hundred and ten (210) days from the date of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to the said Agreement to be executed by their duly authorized officers, and representatives in New York City, on this 8th day of July, 1940.

WITNESS:

NETHERLANDS INDIES GOVERNMENT

HR By L. L. E. Arnstein
Director R. N. L.

ATTEST:

RYAN AERONAUTICAL COMPANY

By T. Claude Ryan
T. Claude Ryan, President

E. A. Smith, Secretary

25 JUNE 1940

AGREEMENT made this 25th day of June, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Twelve (12) Ryan Model ST-M Airplanes equipped with Menasco Model C-4S supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The purchase price for said airplanes with standard equipment as specified in Annex "A", plus extra charges for substitution of Pioneer instruments and installation of extra equipment as itemized in Annex "B" shall be ....., which the Buyer agrees to pay as follows:

(a) ....., in cash, payable at the office of the Seller in San Diego, California, upon the execution of this agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

In order to provide for the payment of the balance due upon such airplanes, the Buyer agrees to deliver to the Seller upon the execution hereof an irrevocable letter of credit of the Guaranty Trust Company of New York confirmed by it for the sum of ....., representing the balance due to the Seller upon the completion as above of all of such airplanes, except the payments due for other than standard equipment that

may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time upon presentation of drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering ..... of the invoice value as indicated to be accompanied by (1) commercial invoice in six copies, (2) packing list in six copies, (3) Seller's Affidavit of Completion and Manufacture and Boxed for Export, and (4) receipt from a franchised carrier providing for shipment of airplane or airplanes to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of twelve (12) Ryan Model ST-M Airplanes in one or more lots.

Title to each airplane shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by The Guaranty Trust Company of New York, and when said airplanes have been delivered F.A.S. the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned airplanes are manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the Specifications as per Annex "A" and Annex "B", and the Seller shall not be obligated to make any changes in said Specifications, except by mutual agreement between the parties setting forth such changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

FOURTH: Delivery of said Twelve (12) airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:-

Twelve (12) on or before one hundred fifty (150) days from date of this Agreement.

The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph SECOND hereof, and the terms of the letter of credit shall so provide.

FIFTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at The Royal Netherlands Arsenal, 10 Rockefeller Plaza, New York City, or to Mr. F. Besancon, c/o Lockheed Aircraft Corporation, Burbank, California.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City on the day and year first above written.

NETHERLANDS INDIES GOVERNMENT

By_____

KYAN AERONAUTICAL COMPANY

ATTEST:

By_____
T. Claude Ryan, President

_____
E. A. Smith, Secretary

ANNEX "A"

Standard Specifications

The Specifications for the said Ryan Model ST-M Airplanes shall be as set forth in the data describing this airplane model when equipped with the Menasco C-4S Engine, and under the heading of Standard Equipment; which descriptive data is attached hereto and made a part of this Agreement.

Performance and weight figures shall be within plus or minus five percent (5%)

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex "A":

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the Buyer.

	Per Plane	12 Planes
Extra for Pioneer Instruments	....	....
Installation only of two (2) each rate of climb indicators and turn and bank indicators	....	....
Position lights	....	....
6-V. battery and box	....	....
Three (3) Blind Flying Hoods	____	....
Total	....	....

Payment for above items to be a part of and included with the payment for the complete airplanes, as provided for in the body of the contract.

ADDENDUM NO. 1

to that certain Agreement made the 25th day of June, 1940, between the NETHERLANDS INDIES GOVERNMENT and the RYAN AERONAUTICAL COMPANY calling for twelve (12) Ryan model ST-M airplanes.

FIRST: This Addendum hereby specifies certain additional extra equipment and provides for additional payments therefore in accordance with the terms contained in paragraph THIRD of the aforementioned contract, and is hereby made a part of said contract.

SECOND: It is hereby mutually agreed that the following additional extra equipment (over and above the equipment previously specified in said contract) shall be supplied by the Seller:-

Twelve (12) sets all equipment necessary for the conversion of said airplanes to twin pontoon type seaplanes at a price of . . . . per set.

Total . . . .

THIRD: Payment in full of .....shall be made as an extra down payment to the Ryan Aeronautical Company on or before July 15, 1940.

FOURTH: Delivery of said twelve (12) sets of seaplane equipment shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of this equipment are scheduled as follows:-

Twelve (12) sets on or before two hundred and ten (210) days from the date of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to the said Agreement to be executed by their duly authorized officers, and representatives in New York City, on this 8th day of July, 1940

WITNESS:

NETHERLANDS INDIES GOVERNMENT

By_____

_____

RYAN AERONAUTICAL COMPANY

ATTEST:

By_____
T. Claude Ryan, President

_____
E. A. Smith, Secretary.

8 JULY 1940

12 - Seaplanes

C O N T R A C T A G R E E M E N T

RYAN AERONAUTICAL COMPANY

and

NETHERLANDS INDIES GOVERNMENT

AGREEMENT made this 8th day of July, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Twelve (12) Ryan Model ST-MS Seaplane Type Training Airplanes equipped with dual pontoon gear, and with fittings for land gear attachment, and equipped with Menasco Model C-4S supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The purchase price for said airplanes with standard equipment, and equipped with pontoons, as specified in Annex "A", plus extra charges for substitution of Pioneer instruments and installation of extra equipment as itemized in Annex "B" shall be One Hundred Sixty Thousand Three Hundred Eight and no/100 United States Dollars ($160,308.00) which the Buyer agrees to pay as follows:

F

(a) Thirty-five percent (35%) or Fifty-six Thousand One Hundred Seven and Eighty/100 United States Dollars ($56,107.80) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof

F

original price: 13.185
extra equipment: 174
$13.359 x12 = $160,308.00

Guaranty Trust Company of New York

Foreign Department

New York, July 16, 1940

On all communications please refer to
IRREVOCABLE OBLIGATION TO PAY
NO. A-15126

Ryan Aeronautical Corporation
Lindberg Field
San Diego, California.

Gentlemen:

In accordance with mail instructions from Mr. L. L. E.Ornstein, Delegate Netherlands Minister, Washington, D.C., we have established our Irrevocable Obligation to Pay in your favor for the amount of -

U. S. $104,200.20 (ONE HUNDRED FOUR THOUSAND TWO HUNDRED AND 20/100 U. S. DOLLARS)

available by your drafts at sight on us accompanied by documents of a character which must meet with our approval, consisting of -

Commercial Invoice in six copies describing the merchandise as indicated below
Packing List in six copies
Your affidavit of completion and manufacture and boxed for export
Carrier's receipt providing for shipment of airplane or airplanes to the harbor of Los Angeles, California f.a.s., showing transportation charges prepaid

The amount of this Irrevocable Obligation to Pay provides for the balance of 65 per cent of the purchasing price of twelve (12) Ryan Model S T M pontoon trainers with extra equipment in one or more lots and payments can be made as soon as an airplane is complete and boxed for export upon presentation of your draft and documents as indicated above to us in New York covering 65% of the invoice value as provided in this Irrevocable Obligation to pay.

Unless otherwise expressly stated, this Irrevocable Obligation to Pay is subject to the Uniform Customs and Practice for Commercial Documentary Credits fixed by the Seventh Congress of the International Chamber of Commerce and certain guiding provisions.

This Irrevocable Obligation to Pay expires in NewYork N.Y.on March 31,1941.

Yours very truly,

M VanSamm
Authorized Signature

Authorized Signature

and evidence of delivery to a franchised carrier
for shipment to the Port of Los Angeles, California,
F.A.S.

In order to provide for payment of the balance due upon such airplanes, the Buyer agrees to deliver to the Seller, upon the execution hereof, an irrevocable letter of credit of the Guaranty Trust Company of New York, confirmed by it, for the sum of One Hundred Four Thousand Two Hundred and Twenty/100 United States Dollars ($104,200.20) representing the balance due to the Seller upon the completion, as above, of all of such airplanes, except the payments due for other than standard equipment that may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time upon presentation of drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering sixty-five percent (65%) of the invoice value as indicated to be accompanied by (1) commercial invoice in Six copies, (2) packing list in Six copies, (3) Seller's Affidavit of Completion and Manufacture and Boxed for Export, and (4) receipt from a franchised carrier providing for shipment of airplane, or airplanes, to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of twelve (12) Ryan Model ST-MS Seaplane Type Training Airplanes in one or more lots.

Title to each airplane shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by the Guaranty Trust Company of New York and when said airplanes have been delivered F.A.S.

-3-

the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned airplanes are manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the Specifications, as per Annex "A" and Annex "B", and the Seller shall not be obligated to make any changes in said Specifications, except by mutual agreement between the parties setting forth such changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

FOURTH: Delivery of said Twelve (12) Airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:-

Twelve (12) on or before one hundred eighty (180) days from the date of this Agreement.

The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph

SECOND hereof, and the terms of the letter of credit shall so provide.

FIFTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the Royal Netherlands Arsenal, 10 Rockefeller plaza, New York City, or to Mr. F. Besancon, c/o Lockheed Aircraft Corporation, Burburbank, California.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City on the day and year first above written.

WITNESS:

NETHERLANDS INDIES GOVERNMENT

By L. J. E. Ornstein
Director R. N. A.

RYAN AERONAUTICAL COMPANY

ATTEST:

By T. Claude Ryan
T. Claude Ryan, President

E. A. Smith, Secretary

ANNEX "A"

Standard Specifications

The specifications for the said Ryan Model ST-MS Seaplane Type Training Airplanes shall be the same as set forth in the data describing the Model ST-M airplane when equipped with the Menasco C-4S engine under the heading of Standard Equipment, which descriptive data is attached hereto and made a part of this agreement; except as altered by the substitution of equipment necessary for the conversion of said Model ST-M airplane to the seaplane type training airplane.

Performance and weight figures shall be within plus or minus five percent (5%).

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex"A":-

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the Buyer.

	Per Plane	12 Planes
Extra for Pioneer Instruments	$104.00	$1248.00
Installation only of two (2) each rate of climb indicators and turn and bank indicators	30.00	360.00
Position lights	16.50	198.00
6-V. battery and box	23.50	282.00
Total		$2088.00

Payment for above items to be a part of and included with the payment for the complete airplanes, as provided for in the body of the contract.

ANNEX "B"

ADDENDUM NO. 1

to that certain Agreement made the 8th day of July, 1940 between the NETHERLANDS INDIES GOVERNMENT and the RYAN AERONAUTICAL COMPANY calling for twelve (12) Ryan model ST-MS seaplane type training airplanes.

FIRST: This Addendum hereby specifies certain additional extra equipment and provides for additional payments therefore in accordance with the terms contained in paragraph THIRD of the aforementioned contract, and is hereby made a part of said contract.

SECOND: It is hereby mutually agreed that the following additional extra equipment (over and above the equipment previously specified in said contract) shall be supplied by the Seller:-

Twelve (12) sets Land Gear, complete, at a price of . . . . . $ 950.00 per set.

Total $11,400.00

Less credit of $200.00 for each set of seaplane gear, due to increased quantity 2,400.00

Net Total . . . . . $ 9,000.00

THIRD: Payment in full of Nine Thousand and no/100 United States Dollars ($9,000.00) shall be made as an extra down payment to the Ryan Aeronautical Company on or before July 15, 1940.

FOURTH: Delivery of each of said twelve (12) sets of Land Gear shall be made in the box with each airplane at the time of shipment.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to said Agreement to be executed by their duly authorized officers, and representatives in New York City, on this 8th day of July, 1940.

WITNESS: [signature]

NETHERLANDS INDIES GOVERNMENT

By [signature]
L. L. L. Ornstein Director
R.N.A.

ATTEST:

[signature]
E. A. Smith, Secretary

RYAN AERONAUTICAL COMPANY

By [signature]
T. Claude Ryan, President

8 JULY 1940

COPY

AGREEMENT made this 8th day of July, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Twelve (12) Ryan Model ST-MS Seaplane Type Training Airplanes equipped with dual pontoon gear, and with fittings for land gear attachment, and equipped with Menasco Model C-4S supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The purchase price for said airplanes with standard equipment, and equipped with pontoons, as specified in Annex "A", plus extra charges for substitution of Pioneer instruments and installation of extra equipment as itemized in Annex "B" shall be One Hundred Sixty Thousand Three Hundred Eight and no/100 United States Dollars ($160,308.00) which the Buyer agrees to pay as follows:

(a) Thirty-five percent (35%) or Fifty-six Thousand One Hundred Seven and Eighty/100 United States Dollars ($56,107.80) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

In order to provide for payment of the balance due upon such airplanes, the Buyer agrees to deliver to the Seller, upon the execution hereof, an irrevocable letter of credit of the Guaranty Trust Company of New York, confirmed by it, for the sum of One Hundred Four Thousand Two Hundred and Twenty/100 United States Dollars ($104,200.20) representing the balance due to the Seller upon the completion, as above, of all of such airplanes, except the payments due for other than standard equipment that may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time uppn presentation of drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering sixty-five percent (65%) of the invoice value as indicated to be accompanied by (1) commercial invoice in _____copies, (2) packing list in _____copies, (3) Seller's Affidavit of Completion and Manufacture and Boxed for Export, and (4) receipt from a franchised carrier providing for shipment of airplane, or airplanes, to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of twelve (12) Ryan Model ST-MS Seaplane Type Training Airplanes in one or more lots.

Title to each airplane shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by the Guaranty Trust Company of New York and when said airplanes have been delivered F.A.S. the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned airplanes are manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the Specifications, as per Annex "A" and Annex "B", and the Seller shall not be obligated to make any changes in said Specifications, except by mutual agreement between the parties setting forth such changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

FOURTH: Delivery of said Twelve (12) Airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:-

Twelve (12) on or before one hundred eighty (180) days from date of this Agreement.

The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph Second hereof, and the terms of the letter of credit shall so provide.

FIFTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assiggs of the parties hereto but

shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the Royal Netherlands Arsenal, 10 Rockefeller Plaza, New York City, or to Mr. F. Besancon, c/o Lockheed Aircraft Corporation, Burbank, California.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City on the day and year first above written.

NETHERLANDS INDIES GOVERNMENT

WITNESS:

By_____

_____

RYAN AERONAUTICAL COMPANY

ATTEST:

By_____
T. Claude Ryan, President

_____
E. A. Smith, Secretary

ANNEX "A"

Standard Specifications

The specifications for the said Ryan Model ST-MS Seaplane Type Training Airplanes shall be the same as set forth in the data describing the Model ST-M airplane when equipped with the Menasco C-4S engine under the heading of Standard Equipment, which descriptive data is attached hereto and made a part of this agreement; except as altered by the substitution of equipment necessary for the conversion of said Model ST-M airplane to the seaplane type training airplane.

Performance and weight figures shall be within plus or minus five percent (5%).

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex "A":-

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the Buyer.

	Per Plane	12 Planes
Extra for Pioneer Instruments	$104.00	$1248.00
Installation only of two (2) each rate of climb indicators and turn and bank indicators	30.00	360.00
Position lights	16.50	198.00
6-V. battery and box	23.50	282.00
Total		$2088.00

Payment for above items to be a part of and included with the payment for the complete airplanes, as provided for in the body of the contract.

ADDENDUM NO. 1

to that certain Agreement made the 8th day of July, 1940 between the NETHERLANDS INDIES GOVERNMENT and the RYAN AERONAUTICAL COMPANY calling for twelve (12) Ryan model ST-MS seaplane type training airplanes.

FIRST: This Addendum hereby specifies certain additional extra equipment and provides for additional payments therefore in accordance with the terms contained in paragraph THIRD of the aforementioned contract, and is hereby made a part of said contract.

SECOND: It is hereby mutually agreed that the following additional extra equipment (over and above the equipment previously specified in said contract) shall be supplied by the Seller:-

Twelve (12) sets Land Gear, complete, at a price of	$ 950.00 per set.
Total	11,400.00
Less credit of $200.00 for each set of seaplane gear, due to increased quantity	2,400.00
Net Total	$ 9,000.00

THIRD: Payment in full of Nine Thousand and no/100 United States Dollars ($9,000.00) shall be made as an extra down payment to the Ryan Aeronautical Company on or before July 15, 1940.

FOURTH: Delivery of each of said twelve (12) sets of Land Gear shall be made in the box with each airplane at the time of shipment.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to said Agreement to be executed by their duly authorized officers and representatives in New York City, on this 8th day of July, 1940.

NETHERLANDS INDIES GOVERNMENT

WITNESS:

By_____

_____

RYAN AERONAUTICAL COMPANY

ATTEST:

By_____
T. Claude Ryan, President

_____
E. A. Smith, Secretary

Orig signed Copy
1 " to Sears ✓
1 Copy to Breeder ✓
1 " " Burke ✓
1 " " Malloy

15 AUG. 1940

CONTRACT AGREEMENT

[redacted]

and

[redacted]

AGREEMENT made this 15th day of August, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller"), party of the second part:

WITNESSETH:

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Twelve (12) Ryan Model ST-M land type training airplanes and twelve (12) Ryan Model ST-MS seaplane type training airplanes equipped with dual pontoon gear, and with fittings for land gear attachment, (no land gear to be furnished for seaplane type airplanes), all airplanes to be equipped with Menasco Model C-4S supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The Purchase price for said airplanes with standard equipment as specified in Annex "A", (based on unit price of $10,000.00 for landplane and $12,535.00 for seaplane), plus extra charges for substitution of Pioneer instruments and installation of extra equipment as itemized in Annex "B", shall be Two Hundred Eighty-two Thousand Ninety-six and no/100 United States Dollars ($282,096.00) which the Buyer agrees to pay as follows:

(a) Thirty-five percent (35%) or Ninety-eight Thousand Seven Hundred Thirty-three and 60/100 United States Dollars ($98,733.60) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

In order to provide for the payment of the balance due upon such airplanes, the Buyer agrees to deliver to the Seller, upon execution hereof, an irrevocable letter of credit of the Guaranty Trust Company of New York, confirmed by it for the sum of One Hundred Eighty-three Thousand Three Hundred Sixty-two and 40/100 United States Dollars ($183,362.40), representing the balance due to the Seller upon the completion, as above, of all of such airplanes, except the payments due for other than standard equipment that may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time upon presentation of drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering sixty-five percent (65%) of the invoice value as indicated to be accompanied by (1) commercial invoice in 6 copies, (2) packing list in 6 copies, (3) Seller's Affidavit of Completion and Manufacture and Boxed for Export, and (4) receipt from a franchised carrier providing for shipment of airplane, or airplanes, to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of twelve (12) Ryan Model ST-M airplanes and twelve (12) Ryan Model ST-MS seaplane type airplanes in one or more lots.

Title to each airplane shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by the Guaranty Trust Company of New York and when said airplanes have been delivered F.A.S. the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned airplanes are manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the specifications, as per Annex "A" and Annex "B", and the Seller shall not be obligated to make any changes in said specifications, except by mutual agreement between the parties setting forth such changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

FOURTH: Delivery of said twenty-four (24) airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:-

Twelve (12) Model ST-M landplanes on or before one hundred eighty (180) days from the date of this agreement.

Twelve (12) Model ST-MS seaplanes on or before two hundred ten (210) days from the date of this agreement.

The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph SECOND hereof, and the terms of the letter of credit shall so provide.

FIFTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the Royal Netherlands Navy Purchasing Commission, 10 Rockefeller Plaza, New York City.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City, on the day and year first above written.

NETHERLANDS INDIES GOVERNMENT

WITNESS:

Ramsey

By P. ter Horst

KYAN AERONAUTICAL COMPANY

ATTEST:

S. C. Beers
Asst. Sec'y

By Earl D. Prudden
Earl D. Prudden, Vice-president

By E. A. Smith
E. A. Smith, Secretary

ANNEX "A"

Standard Specifications

The specifications for the said Ryan Model ST-M land type training airplanes shall be as set forth in the data describing this airplane model when equipped with the Menasco C-4S engine, and under the heading of Standard Equipment; which descriptive data is attached hereto and made a part of this Agreement.

The specifications for the said Ryan Model ST-MS seaplane type training airplanes shall be the same as set forth in the data describing the Model ST-M airplane when equipped with the Menasco C-4S engine, under the heading of Standard Equipment, which descriptive data is attached hereto and made a part of this Agreement; except as altered by the substitution of equipment necessary for the conversion of said Model ST-M airplane to the seaplane type training airplane.

Both the land and seaplane type airplanes shall be so designed, and shall have fittings provided, so that either land or pontoon gear may be installed interchangeably.

Performance and weight figures shall be within plus or minus five percent (5%).

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex "A":

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the Buyer.

	Per Plane	24 Planes
Extra for Pioneer Instruments	$104.00	$2496.00
Installation only of two (2) each rate of climb indicators & turn & bank indicators	30.00	720.00
Position lights	16.50	396.00
6-V. battery and box	23.50	564.00
Three (3) blind flying hoods		300.00
Total		$4476.00

Payment for above items to be a part of and included with the payment for the complete airplanes, as provided for in the body of the contract.

ANNEX "B"

ADDENDUM NO. 1

to that certain Agreement made the 15th day of August, 1940 between the NETHERLANDS INDIES GOVERNMENT and the RYAN AERONAUTICAL COMPANY calling for twelve (12) Ryan Model ST-M land type training airplanes and twelve (12) Ryan Model ST-MS seaplane type training airplanes.

FIRST: This Addendum hereby specifies certain additional extra equipment and provides for additional payments therefore in accordance with the terms contained in paragraph THIRD of the aforementioned contract, and is hereby made a part of said contract.

SECOND: It is hereby mutually agreed that the following additional extra equipment (over and above the extra equipment previously specified in Annex "B" to said contract, and replacing the item of 6 v. battery and box listed therein) shall be supplied and installed by the seller:

	Per Set	Total
Twelve (12) sets Retractable Landing Lights, at a price of . . . . . 315 c.p. 15 amp. 12 v. Complete with switches, wiring and fuse panel.	$95.00	$1,140.00
Twelve (12) only 12 v. Battery and Box, at a price of	45.00	540.00
Total	$140.00	$1,680.00
Less credit for each set of Twelve (12) only 6 v. Battery and Box	23.50	282.00
Net Total	$116.50	$1,398.00

THIRD: Payment in full of Thirteen Hundred Ninety-Eight and no/100 United States Dollars ($1398.00) shall be made as an extra down payment to the Ryan Aeronautical Company on or before December 16, 1940.

FOURTH: Delivery of said Twelve (12) sets of Landing Lights and Batteries shall be made as follows:

One (1) set of Lights and one (1) Battery and Box to be installed in each of the twelve (12) Ryan Model ST-M land type training airplanes, N.I.G. registration numbers S 35 through S 46, called for under the terms of subject Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to the said Agreement to be executed by their duly authorized Officers and Representatives in New York City on this 2nd day of December, 1940.

WITNESS:

NETHERLANDS INDIES GOVERNMENT

By

RYAN AERONAUTICAL COMPANY

ATTEST:

By
T. Claude Ryan, President

E. A. Smith, Secretary

SUPPLEMENT NO. 1

to that certain Agreement made the 15th day of August, 1940, between the NETHERLANDS INDIES GOVERNMENT and the RYAN AERONAUTICAL COMPANY calling for twelve (12) Ryan Model ST-M Land Type Training Airplanes and twelve (12) Ryan Model ST-MS Seaplane Type Training Airplanes.

FIRST: This supplement hereby specifies certain spare parts, engine installations, and materials to be furnished in connection with subject contract, and provides for payment on and delivery thereof.

SECOND: It is hereby mutually agreed that spare parts, materials and equipment as more fully detailed on Ryan Aeronautical Company Sales Order #1143 shall be supplied by the Seller in the total amount of One Hundred twelve thousand, one hundred thirty-four and 50/100 United States Dollars ($112,134.50).

THIRD: Payment shall be made as follows:

(a) Fifty percent (50%) or Fifty Six Thousand Sixty-Seven and 25/100 United States Dollars ($56,067.25) in cash, immediately in accordance with pro-forma invoice dated December 2, 1940.

(b) The balance, in the total amount of Fifty Six Thousand Sixty-Seven and 25/100 United States Dollars ($56,067.25) shall be paid from time to time upon presentation of drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering Fifty percent (50%) of the invoice value as indicated, to be accompanied by (1) commercial invoice in 8 copies, (2) packing list in 8 copies, (3) Seller's Affidavit of Completion and Manufacture and Boxed for Export, and (4) receipt from a franchised carrier providing for shipment to the Port of Los Angeles, California, F.A.S.,

Such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of said spare parts in one or more lots.

Title to said spare parts shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by the Guaranty Trust Company of New York and when said spare parts have

been delivered F.A.S. the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned spare parts are manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said spare parts to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the spare parts.

FOURTH: Delivery of said spare parts shall be made from time to time as available, but it is agreed that delivery of all items with the exception of items #283, 284, 303 and 304 shall be completed on or before one hundred fifty (150) days from the date of this supplement to the Agreement. The four items hereinbefore excepted being purchased equipment over which the Seller has no control, shall be delivered at the earliest time when available, but in no case to exceed two hundred seventy (270) days from the date of this supplement to the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to the said Agreement to be executed by their duly authorized officers and representatives in New York City, on this 2nd day of December, 1940.

NETHERLANDS INDIES GOVERNMENT

WITNESS:

By L. ter Horst

RYAN AERONAUTICAL COMPANY

ATTEST:

By T. Claude Ryan

E. A. Smith, Secretary

T. Claude Ryan, President

15 AUG. 1940

AGREEMENT made this 15th day of August, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the"Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, Californi, (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H:

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Twelve (12) Ryan Model ST-M land type training airplanes and twelve (12) Ryan Model ST-MS seaplane type training airplanes equipped with dual pontoon gear, and with fittings for land gear attachment, (no land gear to be furnished for seaplane type airplanes), all airplanes to be equipped with Menasco Model C-4S supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The purchase price for said airplanes with standard equipment as specified in Annex "A", (based on unit price of $10,600.00 for landplane and $12,535.00 for seaplane), plus extra charges for substitution of Pioneer instruments and installation of extra equipment as itemized in Annex "B", shall be Two Hundred Eighty-two Thousand Ninety-six and no/100 United States Dollars ($282,096.00) which the Buyer agrees to pay as follows:

(a) Thirty-five percent (35%) or Ninety-eight Thousand Seven Hundred Thirty-three and 60/100 United States Dollars ($98,733.60) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

In order to provide for the payment of the balance due upon such airplanes, the Buyer agrees to deliver to the Seller, upon execution hereof, an irrevocable letter of credit of the Guaranty Trust Company of New York, confirmed by it for the sum of One Hundred Eighty-three Thousand Three Hundred Sixty-two and 40/100 United States Dollars ($183,362.40), representing the balance due to the Seller upon the completion, as above, of all of such airplanes, except the payments due for other than standard equipment that may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time upon presentation of drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering sixty-five percent (65%) of the invoice value as indicated to be accompanied by (1) commercial invoice in 6 copies, (2) packing list in 6 copies, (3) Seller's Affidavit of Completion and Manufacture and Boxed for Export, and (4) receipt from a franchised carrier providing for shipment of airplane, or airplanes, to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of twelve (12) Ryan Model ST-M airplanes and twelve (12) Ryan Model ST-MS seaplane type airplanes in one or more lots.

Title to each airplane shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by the Guaranty Trust Company of New York and when said airplanes have been delivered F.A.S. the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned airplanes are manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase set forth in paragraph SECOND hereof has been determined upon the basis of the specifications, as per Annex "A" and Annex "B", and the Seller shall not be obligated to make any changes in said specifications, except by mutual agreement between the parties setting forth such changes as may be agreed upon and any changes in the purchase price therefor which may be necessary by reason thereof.

FOURTH: Delivery of said twenty-four (24) airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:-

Twelve (12) Model ST-M landplanes on or before one hundred eighty (180) days from the date of this agreement.

Twelve (12) Model ST-MS seaplanes on or before two hundred ten (210) days from the date of this agreement.

The seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph SECOND hereof, and the terms of the letter of credit shall so provide.

FIFTH: This agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the Royal Netherlands Navy Purchasing Commission, 10 Rockefeller Plaza, New York City.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City, on the day and year first above written.

NETHERLANDS INDIES GOVERNMENT

WITNESS:

By_____

_____

RYAN AERONAUTICAL COMPANY

ATTEST:

By_____
Earl D. Prudden, Vice-President

_____

By_____
E. A. Smith, Secretary

ANNEX "A"

Standard Specifications

The specifications for the said Ryan Model ST-M land type training airplanes shall be as set forth in the data describing this airplane model when equipped with the Menasco C-4S engine, and under the heading of Standard Equipment; which descriptive data is attached hereto and made a part of this Agreement.

The specifications for the said Ryan Model ST-MS seaplane type training airplanes shall be the same as set forth in the data describing the Model ST-M airplane when equipped with the Menasco C-4S engine, under the heading of Standard Equipment, which descriptive data is attached hereto and made a part of this Agreement; except as altered by the substitution of equipment necessary for the conversion of said Model ST-M airplane to the seaplane type training airplane.

Both the land and seaplane type airplanes shall be so designed, and shall have fittings provided, so that either land or pontoon gear may be installed interchangeably.

Performance and weight figures shall be within plus or minus five percent (5%).

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex "A":

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the Buyer.

	Per Plane	24 Planes
Extra for Pioneer Instruments	$104.00	$2496.00
Installation only of two (2) each rate of climb indicators & turn & bank indicators	30.00	720.00
Position Lights	16.50	396.00
6-V. battery and box	23.50	564.00
Three (3) blind flying hoods		300.00
Total		$4476.00

Signed Copy
1 to Baar, signed
1 to Mallory " "
1 unsigned to Sachse
1 " " " Brackin

7 OCT. 1940

Last Order - 20 Sand Plane

CONTRACT AGREEMENT

RYAN AERONAUTICAL COMPANY

and

NETHERLANDS INDIES GOVERNMENT

AGREEMENT made this 7th day of October, 1940, between the NETHERLANDS INDIES GOVERNMENT (hereinafter called the "Buyer"), party of the first part, and RYAN AERONAUTICAL COMPANY, having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree with each other as follows:

FIRST: The Seller agrees to manufacture and sell to the Buyer:- Twenty (20) Ryan Model ST-M Airplanes equipped with Menasco C-4S Model supercharged engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A" and Annex "B" attached hereto.

SECOND: The purchase price for said airplanes with standard equipment as specified in Annex "A" (based on unit price of Ten Thousand and no/100 United States Dollars ($10,000.00) shall be Two Hundred Thousand and no/100 United States Dollars ($200,000.00) which the Buyer agrees to pay as follows:

(a) Thirty-five percent (35%) or Seventy Thousand United States Dollars ($70,000.00) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(b) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

Extra charges and terms of payments for substitution of Pioneer instruments, plus installation of such other extra equipment as agreed upon, shall be in accordance with Annex "B" attached hereto and made a part hereof.

In order to provide for the payment of the balance due upon such airplanes, the Buyer agrees to deliver to the Seller upon the execution hereof an irrevocable letter of credit of The Guaranty Trust Company of New York confirmed by it for the sum of One Hundred Thirty Thousand and no/100 United States Dollars ($130,000.00) representing the balance due to the Seller upon the completion, as above, of all of such airplanes, except the payments due for other than standard equipment that may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time upon presentation of drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering sixty-five percent (65%) of the invoice value as indicated to be accompanied by (1) commercial invoice in eight copies, (2) packing list in eight copies, (3) Seller's Affidavit of Completion and Manufacture and boxed for export, and (4) receipts from a franchised carrier providing for shipment of airplane or airplanes to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of twenty (20) Ryan Model ST-M Airplanes in one or more lots.

Title to each airplane shall pass to the Buyer upon the payment of the balance of the purchase price due thereon by The Guaranty Trust Company of New York, and when said airplanes have been delivered F.A.S. the Port of Los Angeles, California, and all risk of loss or damage thereafter shall be on the Buyer.

It is understood that the above-mentioned airplanes are

manufactured expressly for export, and not for use in the State of California or the United States of America, and delivery of said airplanes to a public carrier for shipment or re-shipment for export, shall be considered a delivery of the airplanes.

THIRD: The purchase price set forth in paragraph SECOND hereof has been determined upon the basis of the Specifications as per Annex "A", and the Seller shall not be obligated to make any changes in said Specifications, except in accordance with Annex "B" attached hereto or by mutual agreement between the parties setting forth such changes as may be agreed upon, and any changes in the purchase price therefor which may be necessary by reason thereof.

FOURTH: Delivery of said Twenty (20) Airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:-

Twenty (20) airplanes on or before two hundred and seventy (270) days from date of this Agreement.

The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph

SECOND hereof, and the terms of the letter of credit shall so provide.

FIFTH: This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

SIXTH: All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the Royal Netherlands Arsenal, 10 Rockefeller Plaza, New York City, or to Mr. F. Besancon, c/o Lockheed Aircraft Corporation, Burbank, California.

SEVENTH: All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City on the day and year first above written.

NETHERLANDS INDIES GOVERNMENT

WITNESS:

By _____

RYAN AERONAUTICAL COMPANY

ATTEST:

By _____

T. Claude Ryan, President

E. A. Smith, Secretary

ANNEX "A"

Standard Specifications

The Specifications for the said Ryan Model ST-M Airplanes shall be as set forth in the data describing this airplane model when equipped with the Menasco C-4S Engine, and under the heading of Standard Equipment; which descriptive data is attached hereto and made a part of this Agreement.

Performance and weight figures shall be within plus or minus five percent (5%).

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-M Model as described in Annex "A":

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the buyer.

Installation of position lights and 6-V. battery and box.

Prices for the above extra equipment shall be as follows:

	Per Plane	20 Planes
Extra for Pioneer Instruments	$104.00	$2080.00
Installation only of two (2) each rate of climb indicators and turn and bank indicators	30.00	600.00
Position Lights	16.50	330.00
6-V. battery and box	23.50	470.00
Total		$3480.00

Payment of Three Thousand Four Hundred Eighty United States Dollars ($3480.00) shall be made to the Ryan Aeronautical Company at the rate of One Hundred Seventy-four United States Dollars ($174.00) upon the delivery of each airplane to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

Orig - Ryan
Signed copy - Moatses
" " - Mallory

6 MAY 1941

C O N T R A C T A G R E E M E N T

Number 2029
Dated May 26, 1941

THE RYAN AERONAUTICAL CO.

and

NETHERLANDS PURCHASING COMMISSION

25 Model ST-3D4B Land Planes

AGREEMENT made this 26th day of May, 1941, between the NETHERLANDS PURCHASING COMMISSION, as representative of the Government of the Kingdom of the Netherlands (hereinafter called the "Buyer"), party of the first part, and THE RYAN AERONAUTICAL CO., having offices at Lindbergh Field, San Diego, California, (hereinafter called the "Seller"), party of the second part:

W I T N E S S E T H :

That in consideration of the mutual covenants and conditions hereinafter set forth, the parties agree with each other as follows:

I. Quantity, Price and Payment:

a. The Seller agrees to manufacture and sell to the Buyer:- Twenty-five (25) Ryan Model ST-3D4B Airplanes equipped with Menasco D4-B engines. The Buyer agrees to purchase said airplanes upon the terms and conditions contained in this Agreement and in Specifications as per Annex "A", Annex "B", and Annex "C" attached hereto.

b. The engines, hubs, starters and drives will be buyer-furnished and will be delivered by the Buyer at its own cost and expense f.o.b. Seller's factory. Delivery is to be made as required to comply with Seller's production schedule.

c. The purchase price for said airplanes with standard equipment as specified in Annex "A", including the installation and test flying of the buyer-furnished engines, hubs, starters, and drives, shall be Two Hundred Four Thousand Eighty-two and 50/100 United States Dollars ($204,082.50)*. delivered f.a.s. Port of Los Angeles, California, plus reasonable charges, where applicable, for delivery at such other United States port or other place in the United States of America as shall be designated by the Buyer, plus an amount equal to California Sales Tax, if such tax shall be proved to be payable on the sale of each such airplane which may be shipped on a vessel loaded at a harbor in the State of California.

*Based on a unit price of $10,000.00 each, less allowance of $1,836.70 for the engine, hub, starter and drive - $8,163.30 each.

d. The purchase price set forth in paragraph I-c. hereof has been determined upon the basis of the Specifications as per Annex "A", and the Seller shall not be obligated to make any changes in said Specifications, except in accordance with Annex "B" attached hereto or by mutual agreement between the parties setting forth such changes as may be agreed upon, and any changes in the purchase price therefor which may be necessary by reason thereof.

e. The Buyer shall make payments to the Seller on account of the purchase price of the airplanes as follows:

(1) Thirty-five percent (35%) or Seventy-one Thousand Four Hundred Twenty-eight and 88/100 United States Dollars ($71,428.88) in cash, payable at the office of the Seller in San Diego, California, upon the execution of this Agreement and against formal receipt duly executed and delivered by the Seller.

(2) The balance of the purchase price due upon each airplane upon the completion and crating thereof and evidence of delivery to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

f. Extra charges and terms of payment for the substitution of Pioneer instruments, plus installation of such other extra equipment as agreed upon, shall be in accordance with Annex "B" attached hereto and made a part hereof.

g. In order to provide for the payment of the balance due upon such airplanes, the Buyer agrees to deliver to the Seller upon the execution hereof an irrevocable letter of credit, satisfactory to the Seller, of The Guaranty Trust Company of New York confirmed by it for the sum of One Hundred Thirty-two Thousand Six Hundred Fifty-three and 62/100 United States Dollars ($132,653.62) representing the balance due to the Seller upon the completion as above of all of such airplanes, except the payments due for other than standard equipment that may be later provided. Said letter of credit shall provide that the balance due to the Seller, as each airplane is completed and boxed for export, shall be paid from time to time upon presentation of

drafts on the Guaranty Trust Company of New York, at sight, without recourse, covering sixty-five percent (65%) of the invoice value as indicated to be accompanied by (1) commercial invoice in eight copies, (2) packing list in eight copies, (3) Seller's Affidavit of Completion and Manufacture and boxed for export, and (4) receipts from a franchised carrier providing for shipment of airplane or airplanes to the Port of Los Angeles, California, F.A.S., such shipment to be made by said franchised carrier upon receipt of notice from the Buyer or the Buyer's shipping agent as to the exact dock at the Port of Los Angeles, California, to which said F.A.S. shipment is to be made, said shipping receipt to show transportation charges prepaid; all of the above being evidence of delivery of twenty-five (25) Ryan Model ST-3D4B Airplanes in one or more lots.

II. Title:

Title to each airplane shall pass to the Buyer upon delivery thereof at the place in the United States of America designated by the Buyer, but only when and as payment in full shall be made therefor; provided that, if shipment is to be made on a vessel to be loaded at a harbor in the State of California, title shall pass on board ship.

It is understood that the above-mentioned airplanes are manufactured expressly for export, and not for use in the State of California or in the United States of America.

III. Production Schedule:

a. Delivery of said Twenty-five (25) Airplanes shall be made to a shipping agent to be designated by the Seller for shipment out of the State of California. Deliveries of said airplanes are scheduled as follows:-

Twenty-five (25) airplanes on or before September 30, 1941, subject to authorization by the President's Liaison Committee and/or such other Government Agencies or Commissions as may have regulatory authority over the

Seller and assignment of Priority Rating.

b. The Seller shall not be liable for any delay in making delivery of said airplanes within the period set forth above if any such delay shall be caused by strikes, labor disputes, fires, earthquakes, storms, perils of the sea, war or other disputes between nations, subdivisions thereof, embargoes or other trade restrictions, United States laws or regulations, or any other cause outside the Seller's control or causes usually defined as acts of God or force majeure and, notwithstanding any such delay, payment shall be made for each of such airplanes upon compliance by the Seller with the conditions set forth in paragraph I-c. hereof, and the terms of the letter of credit shall so provide.

IV. Inspection:

Subject to such regulations as are now or may be placed in effect by the United States Government, the Seller will permit representatives of the Netherlands Purchasing Commission to inspect the material or any part thereof, covered hereby, at any time during the preparation, manufacture, assembly, boxing or packing thereof, and the Seller shall advise the Buyer at least fourteen (14) days prior to the date when each airplane will be completed and ready for final inspection. The representative of the Buyer shall sign or countersign a certificate of inspection as to material which shall have passed final inspection.

If such airplanes, spare parts or other material are not disapproved, or if such a certificate of inspection is not duly signed or countersigned by the representative of the Buyer within three (3) days after the airplanes or parts are ready for inspection because of the failure of the Buyer to make its inspection, then an officer of the Seller shall sign a certificate to the effect that such airplanes, spare parts or other material have been manufactured in accordance with the terms and specifications of this contract.

V. Tests:

The Seller shall, at his own expense and risk and with his own crew, conduct trials, including flights of the first airplane at or near its plant, for the purpose of indicating whether or not such airplane complies at the time of such trials with the provisions of the specification relating to the performance characteristics of such airplane. At the request of the representative of the Buyer, test flights may be conducted on the first airplane and, upon reasonable notice, on any subsequent airplane, by a representative of the Buyer, for the purpose of flight testing the airplane and/or engine as hereinbefore set forth, provided said Buyer's representative is accompanied on said flights by a pilot representing the Seller, and provided such representative is duly authorized by the C. A. A. to fly this type of airplane. With the first airplane the Buyer will fly a maximum of twenty-five (25) hours to test out the engine and the cooling installation of the airplane. The total number of flying hours made by a representative of the Buyer for testing the airplanes shall not exceed thirty (30) hours. The expense and risk of such flights shall be on the Seller.

VI. Risk of Loss and Damage:

a. All risks for loss or damage to any airplane or to any third parties or their property shall be upon the Seller until such airplane is delivered hereunder.

b. The Buyer hereby agrees to protect and save harmless the Seller, its successors and assigns from all liability whatsoever in connection with any suit at law or inequity for damages occasioned due to the death or personal injury to any representative or agent of the Buyer while on or about the premises of the Seller, or while flying or riding in any of the airplanes manufactured by the Seller.

VII. Patents:

The Seller agrees to indemnify and save harmless the Buyer from and against any and all liability, expense or damage paid for or by reason of the infringement or alleged infringement of any patent or patents of the United States of America (but no other patents whatsoever) by the use or sale of the Airplanes: provided, that the indemnity is conditioned upon the Buyer's giving the Seller full written information of and in respect of any such infringement or alleged infringement promptly upon receipt of notice thereof by the Buyer, and if the Seller so elects, shall give the Seller complete control of all negotiations in regard thereto and of the defense thereof, and shall give any assistance reasonably required by the Seller in connection therewith, including, without limiting the foregoing, the production of witnesses, data, and any other matters within the control of the Buyer.

VIII. Sales Taxes:

The Buyer hereby assumes and agrees to pay any sales, use, processing or similar tax which may be levied by the United States Government or any State and/or by any subdivision thereof on account of the material to be sold hereunder, and to save the Seller harmless from any and all suits, demands or claims therefor.

IX. General:

a. This Agreement shall enure to the benefit of and shall be binding upon the successors and assigns of the parties hereto, but shall not be assigned, in whole or in part, by the Buyer without the prior written consent of the Seller to such assignment.

b. All notices required or permitted to be sent hereunder shall be mailed, delivered or telegraphed to the Seller at Lindbergh Field, San Diego, California, and to the Buyer at the Netherlands Purchasing Commission, 10 Rockefeller Plaza, New York City, with copies to Mr. F. Besancon, Royal Dutch

Airlines, c/o Lockheed Aircraft Corporation, Burbank, California.

c. All payments to be made hereunder shall be in United States funds and shall be payable to the Seller at its office in San Diego, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives in New York City on the day and year first above written.

NETHERLANDS PURCHASING COMMISSION

As representative of
The Government of the Kingdom of
the Netherlands

WITNESS:

By _____
Lt.-Colonel W.G.R. DE JAGER

_____

By _____
Fl.-Captain E.J.G. TE ROLLER

ATTEST;

THE RYAN AERONAUTICAL CO.

_____
E. A. Smith, Secretary

By _____
T. Claude Ryan, President

ANNEX "A"

Standard Specifications

The Specifications for the said Ryan Model ST-3D4B Airplanes shall be as set forth in the data describing this airplane model when equipped with the Menasco D4-B Engine, and under the heading of Standard Equipment; which descriptive data is attached hereto and made a part of this Agreement.

Performance and weight figures shall be within plus or minus five percent (5%).

Ryan Report No. 1860-N dated May 27, 1941, is attached hereto in compliance with the above requirements.

ANNEX "B"

Special and Extra Equipment

The following substitutions and additions shall be made to the standard ST-3D4B Model as described in Annex "A":

Substitution of "Pioneer" in place of the standard "Aeromarine" instruments. These instruments to be furnished by the Seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the Buyer.

Installation of position lights and 6-V. battery and box.

Prices for the above extra equipment shall be as follows:

	Per Plane	25 Planes
Extra for Pioneer Instruments	$104.00	$2,600.00
Installation only of two (2) each rate of climb and turn and bank indicators	30.00	750.00
Position Lights	16.50	412.50
6-V. battery and box	23.50	587.50
Total		$4,350.00

Payment of Four Thousand Three Hundred Fifty United States Dollars ($4,350.00) shall be made to The Ryan Aeronautical Co. at the rate of One Hundred Seventy-four United States Dollars ($174.00) upon the delivery of each airplane to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

ANNEX "C"

Interchangeable Parts of the Airplane:

Wing Group:

wing panels
ailerons

Tail Group:

stabilizer
vertical stabilizer
elevators
rudder

Body Group:

fuselage
engine mount
engine cowling

Landing Gear and Tail Gear:

shock struts
wheels
brakes

Tanks:

oil and gas tanks

General:

instrument panels
exhaust manifolds
rudder pedals
pilot's stick control
assembly

The above-mentioned component parts can be installed interchangeably with the same part on each of the different airplanes.

REVISIONS TO CONTRACT AGREEMENT

No. 2029 Dated May 26, 1941

Between Ryan Aeronautical Company and

Netherlands Purchasing Commission

Title Page -

Last Line Shall Read

"25 Model ST-3KRN Land Planes"

Article I a. Line 2 Shall Read

"Twenty-five (25) Ryan Model ST-3KRN Airplanes equipped with Kinner R-55" . . . .

Article I a. Line 5 Shall Read

. . . . . "Annex "B" Revised January 8, 1942, and Annex "C" attached hereto."

Article I g. Line 21 Shall Read

. . . . . "being evidence of delivery of twenty-five (25) Ryan Model ST-3KRN Airplanes" . . . . .

Article III a. Line 4 Shall Read

"Twenty-five (25) airplanes on or before March 15, 1942, subject" . . . . . .

Article IX b. Line 4 Shall End At

. . . . . "10 Rockefeller Plaza, New York City."
Rest of paragraph is eliminated.

Annex "A", Paragraph 1, Line 1 Shall Read

"The Specifications for the said Ryan Model ST-3KRN Airplanes shall" . . . . .

Annex "A", Paragraph 1, Line 3 Shall Read

. . . . . "with the Kinner R-55 Engine, and under the heading of Standard Equipment; which" . . . . . .

Annex "A", Paragraph 3, Line 1 Shall Read

"Ryan Report No. 1860-N dated July 9, 1941, is attached hereto in" . . . . .

IN WITNESS WHEREOF, the parties have caused the Revisions to this Agreement to be executed by their duly authorized officers and representatives in New York City on _____.

NETHERLANDS PURCHASING COMMISSION
As representative of
The Government of the Kingdom of
the Netherlands

WITNESS: By_____
Lt.-Colonel W.G.R. DE JAGER

_____ By_____
Fl.-Captain E.J.G. TE ROLLER

ATTEST: THE RYAN AERONAUTICAL CO.

_____ By_____
E. A. Smith, Secretary T. Claude Ryan, President

ANNEX "B"

Revised January 8, 1942

Special and Extra Equipment

The following substitutions and additions shall be made to the Standard ST-3KRN Model as described in Annex "A".

Substitution of "Pioneer" in place of the Standard "Aeromarine" instruments. These instruments to be furnished by the seller.

Installation of Pioneer rate of climb and turn and bank indicators in both front and rear cockpits. These extra instruments to be furnished by the buyer.

Installation of Eclipse Starter No. 390 Model 2. This starter to be furnished by the seller.

Prices for the above extra equipment shall be as follows:

	Per Plane	25 Planes
Extra for Pioneer Instruments	$104.00	$2600.00
Installation only of two (2) each rate of climb and turn and bank indicators	30.00	750.00
Extra for Starter	111.20	2780.00
Total - - - - - - - - - - - - - - - - -		$6130.00

Payment of Six Thousand One Hundred Thirty United States Dollars ($6130.00) shall be made to the Ryan Aeronautical Company at the rate of Two Hundred Forty-five and 20/100 United States Dollars ($245.20) upon the delivery of each airplane to a franchised carrier for shipment to the Port of Los Angeles, California, F.A.S.

SOR-1
1941?

CONTRACT No. NOs-LL-96676

CONTRACT

COST-PLUS-A-FIXED-FEE

Between

THE UNITED STATES OF AMERICA
NAVY DEPARTMENT
Bureau of Supplies and Accounts

and

THE RYAN AERONAUTICAL CO.
(CONTRACTOR)

RESTRICTED
Public Inspection Not Permitted

Estimated Cost $49,091,997.60
Fixed Fee $ 2,920,647.67

THIS CONTRACT, entered into as of the ~~3rd day of JULY~~, 1942, by the UNITED STATES OF AMERICA, hereinafter called the Government, represented by the contracting officer executing this contract, and The Ryan Aeronautical Co., a corporation organized and existing under the laws of the State of California, of the city of San Diego, in the State of California, hereinafter called the contractor, witnesseth that the parties hereto do mutually agree as follows:

ARTICLE 1. **Scope of this Contract.** The contractor shall furnish and deliver all of the supplies or services described in Schedule A attached hereto for the consideration stated in Schedule A, in strict accordance with the specifications, schedules and drawings attached to or designated in Schedule A, all of which are made a part hereof. Deliveries and payment of the contract price shall be made as stated in Schedule A. The rights and obligations of the parties hereto shall be subject to the provisions contained in Article 1 to 10 of this contract, inclusive, as well as the provisions of Schedule A in the event of any inconsistency between the provisions of the said Articles and the provisions of Schedule A, the latter shall be deemed to control to the extent of such inconsistency.

ARTICLE 2. **Changes.** Where the supplies to be furnished are to be specially manufactured in accordance with drawings and specifications, the contracting officer may at any time, by a written order, and without notice to the sureties, make changes in such drawings or specifications, except Federal Specifications. Changes may likewise be made as to the shipment and packing of such supplies. If any change is made which causes a material increase or decrease in the amount or character of the work to be done under this contract, or in the time required for its performance, an equitable adjustment of the estimated cost, the fixed fee, and the time prescribed for performance of the contract shall be made and the contract shall be modified in writing accordingly.

ARTICLE 3. **Extras.** Except as otherwise herein provided, no charge for extras will be allowed unless the same have been ordered in writing by the contracting officer.

ARTICLE 4. **Records.** (a) The contractor shall keep records and books of account showing the cost of performing this contract. The method of accounting employed by the contractor shall be subject to the approval of the contracting officer, but no material change will be made in the contractor's method if it conforms to good accounting practice and is sufficient for the purpose of applying the provisions of this contract relating to the determination of costs.

(b) The contracting officer and his authorized representatives shall at all reasonable times have access to all records and books of account pertaining to this contract. All information obtained from said records and books of account shall be treated as confidential.

(c) The contractor shall preserve all records and books of account pertaining to this contract; Provided, however, That if the contractor, at any time after the lapse of six (6) years following the date upon which the final payment under the contract becomes due, desires to dispose of said records and books of account, he shall so notify the Secretary of the Navy or his duly authorized representative, who shall either authorize their destruction or notify the contractor to turn them over to the Government for disposition, and the contractor shall promptly comply with such notice.

(d) Should the contractor enter into any subcontract on a cost-plus-a-fixed-fee basis, the foregoing provisions of this article shall be applicable to, and included in, such subcontract.

ARTICLE 5. **Additional Security.** Should any surety upon any bond given by the contractor in connection with this contract become unacceptable to the Government, or if any such surety shall fail to furnish reports as to his financial condition from time to time as requested by the Government, the contractor shall promptly furnish such additional security as may be required from time to time to protect the interests of the Government and of persons supplying labor or materials in the prosecution of the work contemplated by the contract.

ARTICLE 6. **Officials Not to Benefit.** No member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 7. **Covenant Against Contingent Fees.** The contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or in its discretion, to deduct from the payments due and payable under the contract the amount of such commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

ARTICLE 8. **Disputes.** Except as otherwise specifically provided in this contract, all disputes concerning questions of fact arising under this contract shall be decided by the contracting officer, subject to written appeal by the contractor within thirty (30) days to the Secretary of the Navy or his duly authorized representative, whose decision shall be final and conclusive upon the parties hereto. In the meantime the contractor shall diligently proceed with performance.

ARTICLE 9. **Nondiscrimination in Employment.** The contractor, in performing the work required by this contract, shall not discriminate against any worker because of race, creed, color, or national origin. The contractor further agrees that each subcontract made under this contract will contain a similar provision with respect to nondiscrimination.

ARTICLE 10. **Definitions.** (a) The term "head of the department" as used herein shall mean the head or any assistant head of the executive department involved, and the term "his duly authorized representative" shall mean any person authorized to act for him other than the contracting officer.

(b) The term "contracting officer" as used herein shall include the chief of the Bureau of Supplies and Accounts, the Purchasing Officers in such Bureau, and their duly appointed successors and duly authorized representatives.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

THE UNITED STATES OF AMERICA,

By_____

Purchasing Officer, Bureau of Supplies and Account, Navy Department

_____

(Official Title)

THE RYAN AERONAUTICAL CO.
Contractor

TWO WITNESSES:

By T. Claude Ryan
President.

_____

Lindbergh Field
San Diego Cal
Business Address

I, G. C. Woodard, certify that I am the Secretary of the corporation named as contractor herein; that T. Claude Ryan, who signed this contract on behalf of the contractor, was then President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

G. C. Woodard (Corporate seal)

SCHEDULE A

Bureau Requisition: LL-2092-Bu-42 Title 13-x-9
Aero-5806-Bu-42 Title 13-x-2

Bureau: Aeronautics.

Aeronautics Appropriation: Lot 1. 17-111/30021. (8) 113 Defense Aid, Aircraft and Aeronautical Material, 1941-1943.
Lot 2. 1721502.1 Aviation Navy 1942.

Purpose: Additional Class VSO Airplanes for the Navy and the British. (UK7208)

Section 1. SUPPLIES TO BE FURNISHED AND ESTIMATED COST AND FEE.

The supplies to be furnished under this contract and the estimated cost and the fixed fee to be paid by the Government are as follows:

LOT 1. (BRITISH)

Item		Quantity	Estimated Unit Cost	Total Cost
1	Airplanes, Class VSO Model SOR-1 equipped with wheel landing gear	100	$30,958.00	$3,095,800.00
2	Spare parts to approximately thirty-five percent (35%) of the money value of Item 1			1,083,530.00
3	Final corrected information and drawings in accordance with Bureau of Aeronautics Specification SR-6F as modified by Addendum No. 36 thereto	1 set		15,000.00
	Total Estimated Cost (Lot 1)			4,194,330.00
	Plus the fixed fee (Subject to adjustment pursuant to provisions set forth in Section 5(a).)			249,537.60
	Total Estimated Cost Plus Fixed Fee (Lot 1)			$4,443,867.60

LOT 2. (U. S. NAVY)

Item		Quantity	Estimated Unit Cost	Total Cost
1	Design data and drawings in accordance with Bureau of Aeronautics Specification SR-6F as modified by Addendum No. 36 thereto	1 Set		$ 5,000.00
2(a)	Tests and miscellaneous data in accordance with Bureau of Aeronautics Specification SR-6F as modified by Addendum No. 36 thereto	1 Set		$ 10,000.00
2(b)	Static test Structure representative of Items 3(a) and 3(b)	1		25,000.00
3(a)	Airplane, Class VSO, Model SOR-1 equipped with wheel landing gear	1 only	$45,958.00	45,958.00
3(b)	Airplane, Class VSO, Model SOR-1 equipped with wheel landing gear	1071	30,958.00	33,156,018.00
4	Spare parts to approximately thirty-five percent (35%) of the money value of Items 3(a) and 3(b)			11,620,691.60
5	Final corrected information and drawings in accordance with Bureau of Aeronautics Specification SR-6F as modified by Addendum No. 36 thereto	1 set		35,000.00
	Total Estimated Cost (Lot 2)			$44,897,667.60
	Plus the fixed fee (Subject to adjustment pursuant to provisions set forth in Section 5(a).)			2,671,110.07
	Total Estimated Cost Plus Fixed Fee (Lot 2)			$47,568,777.67
	Grand Total Estimated Cost Plus Fixed Fee (Lots 1 and 2)			$52,012,645.27

Section 2. CONTRACT WITH CURTISS-WRIGHT CORPORATION.

The Government represents that it has heretofore entered into a contract (NOs-76800) with Curtiss-Wright Corporation dated October 21, 1941 (hereinafter sometimes referred to as the Government-Curtiss-Wright Corporation contract) which contract provides for the manufacture by Curtiss-Wright Corporation and sale to the United States, of airplanes and spare parts manufactured, in general, to the same specifications as specified in this contract for the manufacture of the airplanes covered hereunder. It is the understanding of the Government that the airplanes called for herein will be manufactured in accordance with drawings, information and engineering data which will be prepared by and obtained from the Curtiss-Wright Corporation. The contractor represents that, therefore, in order to obtain all drawings, design and manufacturing data, and other information necessary and helpful to the prompt manufacture and delivery of the airplanes and spare parts covered by this contract, it has executed simultaneously with the execution hereof, a contract with Curtiss-Wright Corporation, a true and correct copy of which is attached hereto as Exhibit I. The contractor's action in entering into said contract (attached as Exhibit I) is hereby approved. The contractor is hereby authorized to discuss or communicate with or obtain information from representatives of Curtiss-Wright Corporation familiar with said Government-Curtiss-Wright contract or with the manufacture of said airplanes by Curtiss-Wright Corporation concerning any matter in connection with the design, manufacture and/or performance of the airplanes covered by this contract which may facilitate the contractor in the prompt fulfillment of his obligations hereunder.

Section 3. DELIVERIES.

Deliveries shall be made in accordance with "Conditions Governing Delivery of Supplies to the Navy" except as otherwise provided herein. Delivery is construed to occur on the date that the item is accepted by the Government at the delivery point specified. Delivery shall be made as follows:

(Lot 1 Only)

Item 1. Each airplane shall be delivered, set up, serviced with 100 gallons of gasoline and 8 gallons of oil, and ready for flight, at or near the contractor's plant, in accordance with the following delivery schedule:

Quantity		**Prior to**
4	airplanes	May 31, 1943
50	"	June 30, 1943
46	"	July 31, 1943

Each airplane shall be delivered as a landplane unless the Bureau of Aeronautics shall request that it be delivered as a seaplane and the Navy Department shall furnish float landing gear necessary to fly said airplane as a seaplane. In the event any airplane is delivered as a seaplane, its wheel landing gear shall be delivered racked in cars, boxed, or crated, f.o.b. at or near the contractor's plant at the time such airplane is delivered.

Item 2. The spare parts shall be delivered, racked in cars, boxed, or crated, f.o.b. at or near the contractor's plant at a rate at least equal to the rate of delivery of complete airplanes so that at any time the percentage of the total quantity of each item of the spare parts delivered shall be the same as, or more than, the percentage of completed airplanes delivered.

Item 3. Final corrected information and drawings, (based upon similar information and drawings received by the contractor from the Curtiss-Wright Corporation as referred to herein) after inspection by the Inspector of Naval Aircraft, at the contractor's plant, shall be delivered in accordance with Bureau of Aeronautics Specification SR-6F within thirty (30) days after delivery of the fiftieth (50th) airplane.

(Lot 2 Only)

Item 1. Design data and drawings, (based upon similar information and drawings received by the contractor from the Curtiss-Wright Corporation as referred to herein) after inspection by the Inspector of Naval Aircraft, at the contractor's plant, shall be delivered to the Navy Department (Bureau of Aeronautics), delivery to be complete within 150 days after date of contract.

Item 2(a). Tests and miscellaneous data, (based upon similar information and drawings received by the contractor from the Curtiss-Wright Corporation as referred

to herein) after inspection by the Inspector of Naval Aircraft, at the contractor's plant, shall be delivered to the Navy Department (Bureau of Aeronautics), delivery to be complete within 240 days after date of contract.

Item 2(b). The static test structure, after inspection by the Inspector of Naval Aircraft, shall be delivered to the Naval Aircraft Factory within 330 days after date of contract.

Item 3(a). The airplane shall be delivered, set up and ready for flight, at the Naval Air Station, Anacostia, District of Columbia, on or before October 30, 1942.

Item 3(b). Each airplane shall be delivered, set up, serviced with 100 gallons of gasoline and 8 gallons of oil, and ready for flight, at or near the contractor's plant, in accordance with the following delivery schedule:

Quantity	Prior To
1 airplane	January 31, 1943
5 airplanes	February 28, 1943
10 airplanes	March 31, 1943
20 airplanes	April 30, 1943
31 airplanes	May 30, 1943
0 airplanes	June 30, 1943
19 airplanes	July 31, 1943
80 airplanes	August 31, 1943

September, and every month thereafter 80 airplanes per month

Each airplane shall be delivered as a landplane unless the Bureau of Aeronautics shall request that it be delivered as a seaplane and the Navy Department shall furnish to the contractor float landing gear necessary to fly said airplane as a seaplane. In the event any airplane is delivered as a seaplane its wheel landing gear shall be delivered racked in cars, boxed, or crated, f.o.b. at or near the contractor's plant at the time such airplane is delivered.

Item 4. The spare parts shall be delivered, racked in cars, boxed, or crated, f.o.b. at or near the contractor's plant at the rate at least equal to the rate of delivery of complete airplanes so that at any time the percentage of the total quantity of each item of the spare parts delivered shall be the same as, or more than, the percentage of completed airplanes delivered.

Item 5. Final corrected information and drawings, after inspection by the Inspector of Naval Aircraft, at the contractor's plant, shall be delivered in accordance with Bureau of Aeronautics Specification SR-6F within thirty (30) days after delivery of the fiftieth (50th) airplane.

Section 4. DESCRIPTION OF ITEMS AND SPECIFICATIONS.

(Lot 1 Only)

Item 1. Each airplane shall be furnished in accordance with Bureau of Aeronautics Specification SD-309-1 dated February 2, 1942, completely assembled and ready for flight, except that changes may be ordered as provided under CHANGES. One (1) set of Erection and Maintenance Instructions in accordance with Bureau of Aeronautics Specification SR-69 and two (2) copies of Pilot's handbook in accordance with Bureau of Aeronautics Specification SR-81 shall be furnished with each airplane.

Item 2. The parts and quantities thereof which are to comprise the spare parts, Item 2, Lot 1, Section 1, will be specified by the Navy Department at the time of signing of this contract.

Item 3. Final corrected information and drawings shall be applicable to the fiftieth (50th) airplane, Item 1 of Section 1, as finally delivered. Final corrected information and drawings shall also be submitted indicating wherein the fiftieth (50th) airplane differs from the last or any other airplane selected by the Bureau of Aeronautics.

(Lot 2 Only)

Item 1. Design data and drawings shall be applicable to the airplanes, Items 3(a) and 3(b) and as required by Bureau of Aeronautics Specification SR-6F except as modified by Addendum No. 36 to SR-6F dated February 14, 1942.

Item 2(a). Tests and miscellaneous data shall be applicable to the airplanes, Items 3(a) and 3(b), and as required by Bureau of Aeronautics Specification SR-6F except as modified by Addendum No. 36 to SR-6F dated February 14, 1942.

Item 2(b). Static test structure shall be applicable to the airplanes, Items 3(a) and 3(b), and as required by Bureau of Aeronautics Specification SR-6F except as modified by Addendum No. 36 to SR-6F dated February 14, 1942.

Item 3(a). The airplane, Item 3(a), shall be furnished in accordance with Bureau of Aeronautics Specification SD-309-1 dated February 21, 1942, completely assembled and ready for flight, except that changes may be ordered as provided under CHANGES. Two (2) sets of Erection and Maintenance Instructions in accordance with Bureau of Aeronautics Specification SR-69 and three (3) copies of Pilot's Handbook in accordance with Bureau of Aeronautics Specification SR-81 shall be furnished with this airplane.

Item 3(b). Each airplane, Item 3(b), shall be complete the same as the airplane, Item 3(a), when finally accepted, except that changes may be ordered as provided under CHANGES. One (1) set of Erection and Maintenance Instructions in accordance with Bureau of Aeronautics Specification SR-69 and two (2) copies of Pilot's Handbook in accordance with Bureau of Aeronautics Specification SR-81 shall be furnished with each airplane.

Item 4. The parts and quantities thereof which are to comprise the spare parts, Item 4, Lot 2, Section 1, will be specified by the Navy Department at the time of signing of this contract.

Section 5. COMPENSATION.

(a) The Government shall pay to the contractor for furnishing and delivering the supplies called for in this contract the cost of furnishing and delivering said supplies as determined by the Bureau of Supplies and Accounts plus a fixed fee of $2,920,647.67. The fixed fee is subject to increases or decreases, when authorized changes made as provided herein increase or decrease the total estimated cost of $49,091,997.60 of the airplanes and spare parts to be delivered hereunder, said increases or decreases in the fixed fee to be equal to six percent of said increases or decreases in the total estimated cost of the airplanes, spare parts and other items to be delivered herein.

(b) Should the actual cost of furnishing all items specified in the contract equal or exceed the sum of $49,091,997.60, (revised as aforesaid to provide for authorized changes) the contractor shall be paid a fee of $2,920,647.67, (revised as aforesaid to provide for authorized changes). Should the actual cost be less than the estimated cost of $49,091,997.60, (revised as aforesaid to provide for authorized changes) the contractor shall be paid a fee of $2,920,647.67 (revised as aforesaid to provide for authorized changes) plus 50% of the amount by which the actual cost for furnishing all items fall short of the estimated cost revised as aforesaid; provided however that the additional fee to be paid to the contractor over and above $2,920,647.67 (revised as aforesaid to provide for authorized changes) shall not exceed 1% of the estimated cost of $49,091,997.60 (revised as aforesaid to provide for authorized changes).

(c) Where the Government because of the requirement of public necessity or otherwise accepts airplanes or spare parts under this contract which do not conform with the guarantees set forth herein, the Government shall pay the cost of furnishing and delivering such articles, determined by the Bureau of Supplies and Accounts in accordance with the method provided in Section 5, but in such event the fixed fee shall be reduced by an amount which shall be equitable under the circumstances, but in no event shall said fee be reduced by an amount exceeding 75% of said fee.

(d) The cost of furnishing and delivering said items shall be determined in accordance with the regulations contained in Treasury Decision No. 5000, as supplemented by I. T. 3400.

(e) In determining the cost of furnishing said supplies, there shall be deducted, irrespective of any provision to the contrary in Treasury Decision No. 5000, as supplemented by I. T. 3400, all cash and trade discounts, rebates, allowances, credits, salvages, commissions, bonuses and other benefits which have accrued to the contractor in the performance of this contract or would have so accrued but for his fault or neglect.

(f) In determining the cost of furnishing and delivering said supplies, there shall be included, irrespective of any provisions to the contrary in Treasury Decision No.

5000, as supplemented by I. T. 3400 to the extent that they are reasonable in amount, reasonably necessary and properly allocable to the cost of performing this contract in accordance with accepted accounting principles, and not specifically excluded by T. D. 5000 as supplemented by I. T. 3400, the following cost:

(1) All amounts paid by the contractor to Curtiss-Wright Corporation in conformity with the terms of the contract attached hereto as Exhibit I, including any amount required to be paid by the contractor in satisfaction of liabilities imposed by paragraph 2 of said contract with Curtiss-Wright Corporation.

(2) All costs which have been incurred by the contractor in anticipation of this contract and prior to the signing thereof, and which, if incurred after the signing of this contract, would have been considered as allowable items of cost within the meaning of said regulations; and

(3) Expenditures by the contractor for such necessary accounting services in connection with the performance of this contract, including such expenditures for accounting services in connection with the final settlement of this contract, as the contracting officer may approve, but not including any fees or other payments to persons other than regular employees of the contractor for accounting services incurred solely in connection with disputes with the Navy Department or other governmental agencies.

(4) Cost of insurance (which shall not include use and occupancy insurance) necessary to afford the contractor reasonable protection against liabilities imposed upon the contractor by this contract including but not limited to those referred to in Section 7, ii, (c) and Section 7, iii, (b).

(5) The cost of special training of personnel for work under this contract necessitated by the shortage of available competent labor when such special training is approved by the contracting officer.

(6) All losses and expenses actually sustained or incurred by the contractor in the performance of this contract not compensated for by insurance or otherwise, not required by the terms hereof or by any written direction of the contracting officer so to be covered and not proximately caused by the fault or neglect of the contractor; provided, however, that the ordinary run of mistakes by contractor's personnel (other than its engineers, officers, directors, and the management of its aircraft plant) shall not be deemed the fault or neglect of the contractor, except in cases where the contractor has failed to exercise reasonable care in the selection and employment of individual workers involved, or where such persons have been retained after the contractor has reason to believe that they are not careful, or otherwise qualified.

(7) Sick leave and vacation pay paid to contractor's employees in accordance with the policy of the contractor prior to the date hereof or in accordance with reasonable requirements of any later contract.

(8) The reasonable cost of operating a cafeteria at the contractor's plant for substantially the exclusive benefit of its employees engaged in the performance of this contract, it being understood that the contractor will use its best efforts to operate such cafeteria without profit or loss and with a view to providing its employees with proper food at minimum prices and will account to the Government for any profits (over and above profits paid to employees' welfare funds) which may result from such operation; provided that if, in the opinion of the contracting officer, the manner of operation or charges made by said cafeteria are unsatisfactory, the operation of this clause (8) may be suspended by written notice to the contractor. In requesting reimbursement of costs under this paragraph the contractor will deduct the amount of all receipts from such cafeteria for the period in question.

(9) All costs (paid or incurred by the contractor) of shipment to the contractor of parts and assemblies of any Curtiss-Wright Model S03C-1 airplane which may be sent by or at the request of the Navy Department to the contractor for use in aiding the performance hereof, the cost of examining, disassembling or otherwise repairing and delivering said parts to the Government as and to the extent that such assembly, repair and/or delivery is requested by the contracting officer.

(10) Special expenses (not including capital expenditures) necessarily incurred by reason of the war emergency, including but not limited to, wartime protection of plant and personnel (including blackout and camouflage), to the extent required by the Government and war risk insurance for personnel and property, to the extent approved by the contracting officer.

(11) Miscellaneous expenses reasonably incident to the performance of the contract, including but not limited to any necessary expense of moving personnel to their places of employment hereunder, costs of pension or group annuity plans, costs of flight delivery and company flying activities.

Section 6. PAYMENTS.

(a) Partial Payments. (1) General. Partial payments on account of the cost will be made by the Navy Department each month promptly after receipt of certified bills to cover costs as ascertained by the Navy Department (Bureau of Supplies and Accounts) theretofore incurred by the contractor and for which the contractor has not already been reimbursed. The contractor agrees to submit such bills each month.

(2) Fixed Fee. Partial payments on account of the fixed fee will be made in installments as the work progresses, as follows: Ninety percent (90%) of said fee shall be paid as it accrues in installments each month based upon the percentage that the cost of performance to date bears to the total estimated cost of fully performing this contract, as determined from estimates made and approved by the contracting officer. Upon completion of the work and its final acceptance, any unpaid balance of the fee, subject to adjustments thereof, if any, which may be made as herein provided, shall be paid to the contractor.

(b) Advance Payments. (1) General. The Government shall make advance payments to the contractor at such times and in such amount as shall be necessary to enable the contractor to perform its obligations hereunder, provided that the total amount of advance payments so made plus the total amount of any other payments made to the contractor hereunder, other than payments on account of the fixed fee, shall not exceed the estimated cost of performance of this contract. If at any time it shall appear to the satisfaction of the contracting officer that the actual cost of the performance of this contract will differ materially from the estimated cost, the contracting officer, on the basis of information provided by representatives of the Navy Department and the contractor, shall by amendment of said contract fix a revised estimated cost solely for the purpose of determining the amount of the advance payments which may be made by the Government, and the portions of the fixed fee to be paid in installments under paragraph (a) (2) of this Section. Advance payments shall be made hereunder only on the basis of applications of the contractor approved in writing by the Inspector of Naval Aircraft or his representative duly authorized in writing, which application shall be made from time to time by the contractor to the Assistant for Disbursing, Office of the Supervisory Cost Inspector, San Diego, California. The Inspector of Naval Aircraft shall be furnished with such schedule as he shall deem necessary prior to his approval of any such application. Each such application shall request an advance in a definite amount and shall state that such amount is, in the opinion of the contractor, necessary for the efficient performance of the contract during a specified current period of not less than two weeks and not to exceed one month. Any such application may also include such amount as is necessary to reimburse the contractor for expenditures previously made from funds other than withdrawals from the Navy Controlled Account and not theretofore reimbursed. The amount of any such expenditures shall be separately set forth in such application.

(2) Controlled Account. Such advance payments shall be made by check payable to the contractor and marked for endorsement for deposit only in Bank of America National Trust and Savings Association of San Diego, Calif., or in such other bank or banks as may be selected by the contractor and approved by the contracting officer. Such checks shall be deposited in an account or accounts (hereinafter called the "Navy Controlled Account"), with such bank or banks separate and distinct from all other accounts of the contractor with any such bank. No part of such advance payments shall be mingled with other funds of the contractor prior to withdrawal thereof from such Navy Controlled Account as hereinafter provided. The balance in the Navy Controlled Account shall be used by the contractor solely for lawful purposes directly connected with the performance of this contract or to reimburse the contractor for expenditures made for such purposes. Each withdrawal shall be made only by check of the contractor countersigned on behalf of the Government by the Inspector of Naval Aircraft or by such other person or persons as he may designate in writing. Each withdrawal check shall be accompanied by a certificate of the contractor that all materials acquired and labor performed in connection with this contract shall have been paid for or will be paid for promptly from such withdrawal or other withdrawals and, if necessary, other funds, and that after such payments are made, no lien in favor of any person other than the Government will exist with re-

spect to any such materials or labor, provided, however, that this agreement shall not apply to any payments for material or labor, which are not legally due or required to be paid at the time of such withdrawals. The contractor shall secure from each bank in which any Navy Controlled Account is established an agreement substantially as follows:

(Letterhead of depository bank)

"Navy Department, Attention: Bureau of Supplies and Accounts, Washington, D. C. In consideration of your making an advance payment to The Ryan Aeronautical Co. pursuant to the provisions of paragraph (b) of Section 6 of a certain contract numbered NOs-LL-96676 dated between such corporation and you and the depositing thereof, in whole or in part, in an account with the undersigned to be designated "Ryan Aeronautical Co. Navy Controlled Account," the undersigned hereby agrees to grant to the Contracting Officer designated in such contract, or his duly authorized representative or successor, access to the books and records maintained by the undersigned with respect to such account at all reasonable times and for all reasonable purposes, including (but without limiting the generality thereof) the inspection or copying of such books and records and any and all memoranda, checks, correspondence or documents appertaining thereto, and further agrees to be bound by the provisions of such paragraph (b) of Section 6, receipt of copies of which is hereby acknowledged. The undersigned agrees to preserve said books and records for a period of six (6) years after the closing of said account.

"The undersigned further agrees that it will promptly notify both the contracting officer and the contractor of the service of any legal papers upon it with respect to said account.

"The undersigned further agrees that the Government shall have a lien upon the balance in said account to secure the repayment of such advance payments, which lien shall be superior to any lien of the undersigned upon such account by virtue of assignment to it of said contract or otherwise, provided that the undersigned shall not be responsible for the application of funds withdrawn from said account unless previously notified by the Contracting Officer or his duly authorized representative to suspend withdrawals therefrom by the Contractor.

_____ Bank

By_____ "

(3) Reduction. If the balance in such Navy Controlled Account shall, in the opinion of the Bureau of Supplies and Accounts, exceed, in the aggregate, the amount necessary or appropriate for prospective needs of the contractor for the performance of this contract, the amount in excess will, upon receipt of notice in writing to the contractor from the Bureau of Supplies and Accounts, be returned to the Government within fifteen (15) days thereafter and be credited against the unliquidated balance of the aggregate advance payments made and deposited in such Navy Controlled Account. If the contractor shall not pay to the Government any sums required to be paid by any provisions of this contract, the contractor shall be liable for interest thereon at the rate of six per centum (6%) per annum in lieu of other interest. If the balance in such Navy Controlled Account shall in the opinion of the contractor exceed the amount necessary or appropriate for the prospective needs of the contractor for the performance of the contract, the contractor shall return the amount of such excess to the Government and receive a credit therefor against the unliquidated balance of the aggregate advance payments made and deposited in such Navy Controlled Account.

(4) Liquidation. So long as all advance payments made hereunder have not been fully liquidated the Government shall withhold payments of the contractor's costs and apply the amounts thereof against the Contractor's obligation to repay the advance payments made hereunder until such advance payments have been fully liquidated. If, upon the completion of the contract or the termination thereof for reasons other than the default of the contractor, the advance payments made to the contractor have not been fully liquidated, the balance thereof shall be deducted from any payments otherwise due to the contractor and if the sum or sums due the contractor be insufficient to cover any such balance, the deficiency shall be paid by the contractor in cash. In the event of the termination of the contract because of the default of the contractor, the contractor agrees to repay to the Government upon demand, the amount of all unliquidated advance payments without right of any re-

coupment, counterclaim, or set-off. If, at any time, the Navy Department, (Bureau of Supplies and Accounts) shall disallow as an item of reimbursible costs hereunder any expenditure made by the contractor from withdrawals from the Navy Controlled Account or any item for which the contractor has been reimbursed from the Navy Controlled Account, an amount equal to the amount of such disallowances shall be deducted from the next application or applications for withdrawals from the Navy Controlled Account for reimbursement of the contractor. If such applications are not sufficient to cover such disallowance, the deficiency shall be deducted from the fixed fee otherwise payable hereunder or, if such fixed fee is not sufficient for this purpose, the balance shall be paid by the contractor in cash.

(5) Interest. In view of the fact that the terms of this contract were agreed upon prior to the issuance of the Secretary of the Navy's directive SO-50778 dated April 11, 1942 and that such terms were inconsistent with the application of said directive to this contract, it is agreed, in accordance with paragraph (c) of said directive, that the contractor shall not be required to pay interest to the Government upon the advance payments except to the extent that any interest is received by the contractor upon any of the funds advanced.

(6) Security. The Government shall have a first lien upon such sums as shall be, from time to time, in the Controlled Account, superior to any lien or right of the bank or any other person, which lien shall secure the repayment of any advance payments made by the Government. In the event of appointment of a receiver, liquidator, or custodian for the property, or any substantial portion thereof, of the contractor, or any depository bank, or the institution with respect to the contractor or such bank of any proceeding under the National Bankruptcy Act, or the service of any writ of attachment, levy of execution or the commencement of other garnishment proceedings against the "Navy Controlled Account," the entire credit balance in said account shall immediately and automatically become the sole property of the Government.

(c) Liens. Any and all partial or advance payments made hereunder shall be secured, when made by a lien in favor of the Government upon the articles and things contracted for on account of all payments so made and on all material and other property acquired for or allocated to the performance of this contract, except to the extent that the Government by virtue of any other provision of this contract or otherwise, shall have valid title to such articles, things, materials or other property as against other creditors of the contractor. Said lien is hereby established and made paramount to all other liens under the provisions of an Act approved August 22, 1911 (Public No. 41, 42nd Congress; 37 Stat. 32; 34 U. S. C. 582).

(d) Identification. The contractor agrees to identify by marking or segregation all personal property which is subjected to a lien in favor of the Government by any provision of this contract in such a way as to indicate that it is subject to such lien and that it has been allocated to this contract, except to the extent that the Inspector of Naval Aircraft shall deem such identification impracticable and shall, in writing, waive such requirement in whole or in part. Any identification which otherwise conforms to the foregoing requirements shall not be deemed insufficient by reason of the co-mingling of such property with property purchased for or allocated to the performance of other cost-plus-a-fixed-fee contracts with the Navy Department. In any event the contractor shall maintain such book records of such property as are, in the opinion of the Naval Cost Inspector at the contractor's plant adequate to protect the interests of the Government. The contractor further agrees that it will not use any of such property except for the performance of this contract or of other cost-plus-a-fixed-fee contracts with the Navy Department unless the written consent of the Inspector of Naval Aircraft is secured prior to such use. If for any reason such property is not identified as provided above, the Government shall be deemed to have a lien upon any mass of property of which such property constitutes a part to the extent of the portion of such mass represented by such property.

Section 7. INSPECTION, DEMONSTRATION AND TRIAL.

i. Inspection:

(a) The contractor shall provide a complete and acceptable inspection system covering the inspection of all materials, fabricating methods, jigs, finished parts and completed airplanes. This system shall be satisfactory to the Government (Inspector of Naval Aircraft).

(b) All material and workmanship shall be subject to inspection and test by the

Government at all times and places to the extent practicable during manufacture. In case any articles are found to be defective in material or workmanship, or otherwise not in conformity with the specification requirements, the Government shall have the right to reject such articles, or require their correction or replacement. Rejected articles, or articles requiring correction, shall not be used until corrected, reinspected and accepted by the Inspector of Naval Aircraft as suitable for the purpose. Rejected articles not suitable for correction shall be promptly removed to avoid possibility of use in an airplane under this contract.

(c) If inspection and test, whether preliminary or final, is made on the premises of the contractor or subcontractor, the contractor shall furnish all reasonable facilities and assistance for the safe and convenient inspections and tests required by the inspectors in the performance of their duties. Special and performance tests shall be as described in the specifications.

(d) Until final inspection has been completed, the Government shall have the right to reject supplies or parts of supplies which are unsuited for the purpose intended, of unsatisfactory design, of inferior workmanship, or which are overweight.

ii. Demonstration.

(a) The first airplane, Item 3 (a) of Lot 2, shall be demonstrated by the contractor in accordance with the provisions of Bureau of Aeronautics Specification No. SR-38, except as modified by Addendum No. 36 to SR-38 dated February 14, 1942

(b) Each additional airplane of Lots 1 and 2 shall be demonstrated by the contractor by ground test in accordance with Bureau of Aeronautics Specification No. E-43 and by flight test to insure proper alignment and satisfactory functioning of the airplane concerned prior to delivery.

(c) All demonstrations shall be at the contractor's risk. The contractor shall assume liability for any injury or damage to the airplane, to his own employees, agents or property, or to third parties or property of third parties incurred as a result of accidents during the demonstrations of the airplanes.

iii. Trials.

(a) Upon delivery and preliminary acceptance of the first airplane, Item 3 (a) of Lot 2, by the Government, such trials of the airplane shall be conducted by the Navy Department (Board of Inspection and Survey) as may be considered necessary by it for the purpose of determining whether the contract guarantees have been fulfilled and that the airplane is satisfactory for service use. Such trials may include rough water tests on the float type landing gears at such place as may be designated by the Navy Department. Trials conducted by the Navy Department (Board of Inspection and Survey) shall be at Government expense and the contractor shall furnish at Government expense a competent airplane and engine mechanic or mechanics as required by the Navy Department.

(b) The Government assumes all risk during trials conducted by the Navy Department (Board of Inspection and Survey) except that in case of damage if it be definitely determined that the damage is due to faulty installation, material, and/or construction for which the contractor is responsible, the contractor shall be liable for damage to the airplane and to Government Furnished Equipment to the extent of promptly repairing such damage or replacing the airplane and Government Furnished Equipment at no further cost to the Navy Department. In case of damage to the airplane during the trials for which the contractor is not responsible, the Government may have the damage to the airplane repaired by the contractor and the Government shall pay the cost thereof determined by the Bureau of Supplies and Accounts as provided in Section 5 hereof. In case of damage to the airplane for which the contractor is not responsible and the Navy Department decides not to have the damage repaired by the contractor, the damaged airplane shall be finally accepted at once.

Section 8. FINAL ACCEPTANCE.

Each of the airplanes will be finally accepted after the contractor has satisfactorily completed the demonstration, Section 7, ii, for the airplane concerned, and upon completion of final inspection of the airplane concerned by the Navy Department (Inspector of Naval Aircraft) provided, however, that no airplane shall be finally accepted until a satisfactory completion of the trials referred to in Section 7, iii, hereof. Spare parts will be finally accepted in accordance with the delivery schedule specified

and upon completion of final inspection of the parts concerned by the Navy Department (Inspector of Naval Aircraft).

Section 9. GUARANTEES.

The contractor guarantees that the articles provided for under this contract will conform to the specifications herein, will be free from any defects in material and workmanship, and that the airplanes provided for under this contract shall equal or exceed in all respects (including but not limited to speed, stability, airworthiness, weight, and other flying characteristics and performance) the Model S03C-1 airplanes, subject to adjustment due to differences in weight, engine power, aerodynamic features, and other pertinent items in accordance with the specifications, which may affect performance, built by Curtiss-Wright Corporation as determined during the trials of said Curtiss-Wright Corporation airplanes by the Navy Department (Board of Inspection and Survey).

Notwithstanding the foregoing, no liability shall be imposed upon the contractor by this Section 9 unless the breach of the provisions of this section are due to wilful disregard of instructions, fraud or negligence of the contractor, its agents or employees.

For the purpose of the provisions of this Section 9 and of Section 10 hereof, negligence for which the contractor shall be liable shall not include the ordinary run of mistakes by the contractor's personnel (other than its engineers, officers, directors and management), except in cases where the contractor failed to exercise reasonable care in the selection and employment of individual workers involved, or where persons have been retained after the contractor has reason to believe that they are not careful or otherwise not qualified.

Section 10. CORRECTION OF DEFECTS.

The contractor shall remedy by correction or replacement, any defects in installation, material, and/or construction or any other failures to comply with the guarantee, without cost to the Government if such defects or failures are due solely to wilful disregard of instructions, fraud, or negligence of the contractor, its agents or its employees; provided that the Government must notify the contractor of such defects or failures not later than six (6) months after final acceptance of the airplane or spare part. Where correction or replacement is necessitated by other causes such correction or replacement shall be made by the contractor upon request of the Government and the Government shall pay the cost determined by the Bureau of Supplies and Accounts in accordance with the method provided in Section 5 hereof.

Section 11. GOVERNMENT FURNISHED EQUIPMENT.

(a) The Government shall furnish for installation in the airplanes the equipment listed as Government Furnished Equipment in Bureau of Aeronautics Detail Specification SD-309-1, except that the Navy Department reserves the right to furnish drawings of equipment listed in lieu of furnishing the equipment; in such event, airplanes without such equipment installed will be finally accepted by the Government as complete airplanes. In the event that drawings are furnished in lieu of the physical items referred to herein, and it is necessary to have such an item for installation check purposes, the contractor shall build a suitable accurate mock-up part at the expense of the Government, and said part shall be inspected and approved for said installation check purposes by the Inspector of Naval Aircraft. Title to all Government-furnished equipment shall remain in the Government while in the possession of the contractor.

(b) The contractor shall exercise reasonable care in the general custody, storage, handling, processing, use, finishing, packing and shipping of such equipment until delivery to the Government in accordance with the provisions of paragraph (c) of this section; in the event of loss or destruction of, or damage to, any equipment furnished to the contractor by the Government by reason of failure of the contractor or of any person to whom the material is delivered by the contractor to exercise such reasonable care, the contractor shall at his own expense make good such loss, destruction or damage by replacing the equipment or by paying the Government the cost of replacement; or, in the case of damaged equipment, may instead repair the same if the contracting officer shall accept the repair as completely satisfactory; and no expenditure or cost in connection with such replacement, repair or payment shall be allowed as an item of reimbursable cost under this contract.

(c) Upon the completion or termination of this contract, the contractor shall deliver to the Government at such place as shall be specified by the Naval Inspector any

of the Government Furnished Equipment not consumed in the manufacture (or Government-directed test) of the supplies covered by the terms of this contract or not incorporated in such supplies or not already paid for by the contractor.

Section 12. SUBCONTRACTS AND PURCHASE ORDERS.

At least ten (10) days before entering into any cost-plus-a-fixed-fee subcontract, or before entering into any other subcontract or issuing any purchase order exceeding $100,000, the contractor shall notify the Bureau of Supplies and Accounts (Naval Cost Inspector) in writing giving the name and location of the subcontractor or vendor, the parts or materials to be purchased, the proposed delivery schedule, if known, and the fixed price or estimated cost and fixed fee to be paid; provided, however, that the contracting officer may at any time waive, generally or specifically, the requirement of giving any such notice. The failure of the Bureau of Supplies and Accounts or the Naval Cost Inspector to object to any such subcontract or order shall not constitute an approval or disapproval thereof.

Section 13. TERMINATION.

(a) This contract may be terminated by the Government in whole or in part whenever:

(1) The contracting officer shall after the commencement of performance determine that termination is for the best interest of the Government; or

(2) The contractor fails for a period of ten (10) days after receipt of Notice of Default to cure the default in performance under this contract specified in such Notice; or

(3) The contractor refuses or fails to make delivery of the articles or materials to be furnished under this contract in accordance with specifications, schedules, and drawings, within the time specified in Section 3 of this contract, or within any extension of such time, and such refusal or failure is not due to an excusable delay as hereinafter defined.

Termination shall be effected by delivery to the contractor of a Notice of Termination specifying the cause of termination, the extent to which performance of the contract shall be terminated, and the date upon which termination shall become effective. The date specified shall not be earlier than the date of receipt of the Notice of Termination.

(b) After receipt of Notice of Termination the contractor shall (1) terminate work on the contract on the date and to the extent specified in the Notice of Termination; (2) submit to the Government within ten (10) days after receipt of Notice of Termination a list of all unperformed orders and subcontracts relating to this contract; (3) place no further orders for materials or facilities except as may be necessary for completion of such portions of the contract as may not be terminated or as directed by the contracting officer; (4) cancel and terminate such orders and subcontracts as and when the contracting officer may direct; (5) assign to the Government all of the right, title and interest of the contractor under such orders or subcontracts as the contracting officer may direct; (6) transfer title to and deliver to the Government, in the manner and at the times directed by the contracting officer, such of the plans, drawings, materials, fabricated parts, work in process and completed work in process and completed work relating to the performance of this contract, as the contracting officer may direct; (7) complete performance of such part of the contract as shall not have been terminated by the Notice of Termination; and (8) take such action as the contracting officer may direct for the protection and preservation of the property in the possession of the contractor and in which the Government has an interest.

(c) After termination of this contract in the manner provided in this article, the Government shall pay to the contractor within a reasonable time after such termination the following:

(1) The true cost determined by the Bureau of Supplies and Accounts in accordance with the method set forth in Section 5 hereof of the work performed under the contract prior to the effective date of termination or under the terms of the notice of termination together with the proportion of the fixed fee which such true cost bears to the total estimated cost of performance of this contract revised as herein provided for cost of changes.

(2) Any reasonable expense incidental to termination under paragraph (b) hereof of orders or subcontracts.

(3) The reasonable cost of the preservation and protection of property as required under paragraph (b) hereof;

Provided, however, that with respect to a contract terminated for either of the causes set forth in paragraph (a) (2) or (a) (3) hereof, the portion of the fixed fee to be paid the contractor shall be one-half of the fixed fee otherwise payable to the contractor pursuant to this paragraph.

(d) The obligation of the Government to make any of the payments required under paragraph (c) hereof shall be subject to (1) any unsettled claims against the contractor for labor or materials, (2) any claim which the Government may have against the contractor, (3) deductions for any advance payments, progress payments, unit payments or partial payments made to the contractor under or in connection with this contract, and (4) reasonable deductions by the Government on account of defects in the materials or workmanship of completed or partially completed work delivered hereunder, or other defaults under this contract.

Section 14. EXCUSABLE DELAYS.

The contractor shall not be charged with any liability for failure or delay in making deliveries when such failure or delay (herein called an Excusable Delay) of the contractor in making deliveries is due to unforeseeable causes beyond the control and without the fault or negligence of the contractor, including but not restricted to (1) acts of God or of the public enemy, (2) acts of the Government of the United States or any state or political subdivision thereof, (3) fires, floods, explosions, earthquakes, or other catastrophes, (4) epidemics, (5) quarantine restrictions, (6) strikes, (7) freight embargoes, (8) unusually severe weather, (9) inability of the contractor to obtain equipment or material when the contracting officer determines that such inability is due to the operation of governmental priorities, preferences or allocations of equipment or material, (10) delays of subcontractor or supplier in furnishing material owing to one or more of the foregoing causes, unless the contracting officer shall determine that the materials or supplies to be furnished under the subcontract are procurable from other sources, and shall have ordered the contractor to procure such materials or supplies from other sources, or (11) delays or failure by Curtiss-Wright to deliver drawings, information or data as required by the contractor to fulfill this contract. If the contractor shall fail to notify the contracting officer in writing of the cause of any such excusable failure or delay within ten (10) days from the date it appears that such cause will delay deliveries under this contract or within such longer period as the contracting officer or his duly authorized representative, shall, prior to the date of final settlement of the contract, specify for the giving of such notice, the contractor shall lose all right to an extension of time for delivery by reason of such causes. Promptly on receipt of such notice, the contracting officer shall ascertain the facts and extent of failure or delay, and if the contracting officer shall find that the failure or delay was occasioned by any one or more of the said causes, he shall revise the delivery schedule accordingly. The finding of fact of the contracting officer shall be final and conclusive, subject only to appeal within thirty (30) days from the date of receipt by the contractor of written notice of the contracting officer's findings, to the Secretary of the Navy or his duly authorized representative, whose decision on such appeal, as to the facts of the failure or delay, shall be final and conclusive.

Section 15. PATENT INFRINGEMENT.

(a) The Government shall indemnify and hold harmless the contractor against any loss, damage or expense resulting from or occasioned by any infringement or alleged infringement of any letters patent of the United States or any design right, whether patented or not, except as provided in paragraph (b) hereof. It is specifically understood that the use of slotted wings in accord with the design drawings of the S03C type airplane are required and necessary to fulfill this contract and the Government directs that they be used, and that the above guarantee by the Government to indemnify and hold harmless the contractor against any loss, damage or expense resulting from or occasioned by any infringement or alleged infringement of any letters patent of the United States or design right, whether patented or not, is specifically recognized to include full protection against any claims or resulting from any claims of infringement based upon said use of slotted wings that may be made by the Handley-Page Aircraft Co., their successors, assignees or any other concern or individual.

The contractor shall promptly notify the Government in writing of any and all claims of infringement that may from time to time be brought to the contractor's attention and in case of litigation on account thereof the Government, if it desires to defend against any such claim, will assume the direct active defense thereof, and relieve the contractor of the payment of any moneys therefor. The contractor shall assist the Government at the latter's expense, save for services of the contractor's employees, in furnishing such evidence as to the use of the patents and other matters of fact as may be required by the Government in such litigation.

(b) Notwithstanding the foregoing, the contractor warrants that no invention described in and covered by a patent of the United States and no design right of any other person shall be knowingly used in connection with the performance of the contract by the contractor unless either: (1) the use thereof is expressly or impliedly required by the specifications or other provisions of this contract, or otherwise required or specified by the Government; or (2) the contractor is the owner of, or licensee under such patent or design right; or (3) in case of a patented article, the contractor procures the same in the open market; or (4) the contractor shall furnish to the contracting officer such information as may come to the knowledge of the contractor relative to any such invention or design right and the contracting officer shall not disapprove in writing the use of such invention or design right.

(c) The contractor shall not pay any sum for royalties or patent rights not included in the original purchase price of parts embodied in said aircraft and spare parts, unless and until duty authorized to make such payments by the Government. The Government hereby authorizes the making of such payments by the contractor as are presently required under the Cross License Agreement of the Manufacturers Aircraft Association.

Section 16. FEDERAL, STATE AND LOCAL TAXES.

If the contractor shall pay, directly or indirectly, through inclusion in the price of materials purchased or otherwise, any sales tax, duty, excise tax, use tax, occupational tax, gross receipts tax, or any other similar tax, license fee or charge applicable to the supplies covered by this contract, or other materials used in the manufacture thereof, or levied or imposed upon the importation, production, processing, manufacture or sale of such supplies or materials or upon gross receipts therefrom, which tax, license fee or charge must be borne by the contractor because of a specific contractual obligation or by operation of law, the Government shall reimburse the contractor for such payment as an element of cost hereunder; provided, however, that where possible, all invoices or vouchers submitted shall show separately the amount of such taxes, license fees or charges included therein, and provided further, that the contractor shall take such steps as may be requested by the Government to cause such taxes, license fees or charges to be paid under protest to preserve and to cause to be assigned to the Government any and all rights to the refund of such taxes, license fees or charges and to furnish to the Government, at its expense, all assistance and cooperation deemed necessary by the Government in any litigation or proceeding for the recovery of such taxes, license fees and charges, and provided further, that nothing contained herein shall be construed as requiring the Government to reimburse the contractor for any Federal or State income or excess profits taxes or surtaxes.

Section 17. INTERCHANGEABILITY.

The contractor shall use in the manufacture of the supplies to be furnished under the contract such suitable jigs, fixtures and/or other devices and appliances in all processes where such use is conducive to interchangeability and uniformity of the product.

Section 18. SECURITIES ACT.

The contractor agrees to file no application for registration under the Securities Act of 1933, as amended, containing any reference to this contract or its terms and provisions without first securing the consent of the Navy Department (Bureau of Supplies and Accounts). Requests for such consent will be addressed to the contracting officer.

Section 19. GOVERNMENT'S TITLE TO EQUIPMENT.

Title to any and all jigs, fixtures, patterns, forgings, tools and other similar articles or equipment, the cost of which shall be paid by the Government under the terms of this contract, shall vest in the Government immediately on their acquisition by the con-

tractor. Said articles and equipment shall remain in the custody and control of the contractor for use in the contractor's discretion in the manufacture of airplanes or airplane parts for the United States Government unless and until the contracting officer shall otherwise direct. The contractor shall exercise the same reasonable care with regard to said articles and equipment as it is required to exercise with regard to Government Furnished Equipment under Section 11(b) hereof. The Government agrees to reimburse the contractor for the reasonable cost of storage, insurance, care, and maintenance, and transportation to and from warehouses as necessary for any period immediately after the date of the completion and/or termination of this contract during which such articles and equipment remain unused in the custody of the contractor.

Section 20. DESIGN RESPONSIBILITY.

In releasing design data and/or drawings the Navy Department accepts no responsibility for the successful operation of the equipment manufactured to the same. It is however hereby understood that since the design of the airplanes and spare parts called for in this contract, and original engineering data relative thereto, are the products of the Curtiss-Wright Corporation and the same are being made available by the Curtiss-Wright Corporation at the instance and with the approval of the United States Government for the contractor's use in fulfilling this contract and are necessary thereto, anything in this contract to the contrary notwithstanding, the contractor will not, except to the extent that the contractor may itself have prepared or constructed said design or engineering data, be held responsible in any manner for the design of the said airplanes or any parts thereof or as to the accuracy of the engineering data relative thereto, or anything governed, determined, controlled by or resulting from said design or engineering data. The contractor shall not be held liable (except to the extent that it shall be responsible or partially responsible for such failure by failing to use its best efforts to enforce its rights under this contract with Curtiss-Wright Corporation attached hereto as Exhibit I) for any failure on the part of Curtiss-Wright to furnish to the contractor correct and complete drawings, design and engineering data on delivery dates, which are necessary to enable the contractor to meet the delivery dates to the Navy specified herein for airplanes, spare parts and data. Nothing herein shall be construed to relieve the contractor of its duty to use its best efforts to obtain the said necessary data from Curtiss-Wright Corporation and its obligation to manufacture the articles called for herein in accordance with the drawings, data and information to be furnished to the contractor by the Curtiss-Wright Corporation as referred to herein, except as same may be changed with approval of the United States Government.

Section 21. WEIGHT CONTROL.

A system of weight control during design and construction satisfactory to the Inspector of Naval Aircraft, shall be provided by the contractor in accordance with Bureau of Aeronautics Specification SR-5C (latest issue as of date hereof).

Section 22. SECRECY, NEW FEATURES OF DESIGN.

The contractor agrees that this contract is made on the express condition that the subject matter involved affects and relates to the national defense of the United States, and that the Navy Department holds the right to maintain all new features of design involved in this contract confidential until such time as it deems it advisable to release them. The contractor obligates itself to comply with such secrecy requirements to the best of its ability and agrees not to publish, divulge, or sell anything pertaining thereto until specifically authorized so to do by the Navy Department.

Section 23. DUPLICATION OF DESIGN.

This contract is on the express condition that the Government has the right, without further compensation to the contractor, to construct or have constructed for Government use according to the design or drawings, plans, and specifications forming a part of this contract any number of articles or parts, and to use and/or sell said articles or parts according to law as condemned material or to dispose of same in accordance with the provisions of Public Law No. 11 (HR 1776) 77th Congress, approved March 11, 1941. Nothing in this section shall apply to design or patent rights not owned or controlled by the contractor. The right to duplicate parts of the design of this contract, for use in complete articles of design other than that of the contract, shall be limited to such parts as were developed for the first time in connection with this contract or contracts for the prototype article.

Section 24. RENEGOTIATION PURSUANT TO SECTION 403 OF THE 6TH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION ACT, 1942, APPROVED 28 APRIL 1942

(a) Upon the written request of the Secretary of the Navy, at such period or periods when in the judgment of the Secretary of the Navy profits accruing to the Contractor under this contract can be determined with reasonable certainty, the contract price shall be renegotiated to eliminate therefrom such amount as is found as a result of such renegotiation to represent excessive profits.

(b) There shall be retained by or repaid to the Government (1) the amount of the contract price found as a result of such renegotiation to represent excessive profits to the Contractor, and (2) an amount of the contract price equal to the amount of the reduction in the price of any subcontract hereunder pursuant to the renegotiation of such subcontract as provided in subsection (c) hereof and not otherwise repaid to the Government.

(c) Any subcontract entered into under this contract for an amount in excess of $100,000 shall contain substantially the following provisions:

(1) Upon the written request of the Secretary of the Navy, at such period or periods when in the judgment of the Secretary of the Navy the profits accruing to the _____ under this contract can be determined with reasonable certainty, the contract shall be renegotiated by the Secretary of the Navy and _____ to eliminate therefrom such amount as is found as a result of such renegotiation to represent excessive profits.
(subcontractor) (subcontractor)

(2) There shall be retained by The Ryan Aeronautical Co. or repaid to the Government at the direction of the Secretary of the Navy any amount of the contract price found as a result of such renegotiation to represent excessive profits to _____
(subcontractor)

(3) The Ryan Aeronautical Co. is hereby relieved from any liability to _____ on account of any amount retained or repaid pursuant to paragraph (2).
(subcontractor)

(d) The term "Secretary of the Navy" for the purpose of this article shall be deemed to include any authorized representative of the Secretary.

(e) The Contractor agrees that it will keep records and books of account showing the cost of performing this contract, in accordance with sound accounting practice. The Contracting Officer and his authorized representatives shall at all reasonable times have access to all records, books of account and original evidences of cost of the Contractor pertaining to this contract. The Contractor shall preserve all such records, books of account and original evidences of cost for a period of three years after the completion or other termination of this contract and, if it is determined to renegotiate the price herein, for such additional period as may be necessary.

Section 25. CHANGES.

(a) The specifications, drawings and/or designs may at any time be changed by agreement in writing between the contractor and the Bureau of Aeronautics, provided that each desired change shall be requested in writing by the party desiring it. In the absence of agreement, the final decision of any such request shall be made by the Bureau of Aeronautics in writing, provided it shall have accorded the contractor an opportunity for a hearing. A reasonable time shall be set by the Bureau of Aeronautics for such hearing, and pending such final decision, production and acceptance shall proceed as if no request for a change had been made. Changes agreed to or so decided upon shall be incorporated as rapidly as practicable, but in such manner as not unduly to interfere with continuity of production. No such change involving an increase or decrease in estimated cost or fixed fee shall be put into effect unless and until it is authorized in writing by the Bureau of Supplies and Accounts after recommendation from the Bureau of Aeronautics and statement that the increase or decrease agreed upon is reasonable and in the interest of the Government, and is the total difference in estimated cost or fixed fee due to such change.

(b) When changes are proposed by either party, the contractor shall submit an itemized statement of the effect on estimated cost and delivery dates for the entire

contract, together with appropriate data concerning the effect on the weight empty and performance guarantees and the useful load. Increases or decreases in the weight empty guarantee and useful load will be stated in all changes. Small revisions in the performance guarantees will be designated as negligible in the applicable changes, with the understanding that, when the accumulated effect of several such changes increases (or decreases) the maximum speed by 1.0 m.p.h., minimum speed by 0.5 m.p.h. or take-off in a 25 knot wind (only airplanes equipped for carrier operation) by 10.0 ft., it shall be the contractor's responsibility to submit complete revised performance guarantees. Immediately prior to delivery of the airplane for demonstration and trials, it shall be the contractor's responsibility to submit a final proposed revision of the performance guarantees covering any change in the engine rating, any overweight or underweight of Government furnished material or any negligible changes not previously considered. Detailed calculations shall be furnished to substantiate all proposed revisions of the performance guarantees.

(c) The contracting officer may at any time and without notice to the sureties, if any, make changes in this contract within the general scope thereof and this contract is based upon the express condition that such changes may be made.

Section 26. ELIGIBILITY.

The contractor hereby represents that it is eligible to enter into this contract under the provisions of Public Resolution No. 54, 76th Congress, approved 4 November 1939.

Section 27. TRANSFER OR ASSIGNMENT.

(a) Neither this contract, nor any interest herein except as otherwise provided in this article, shall be transferred by the contractor to any other party or parties.

(b) Claims for moneys due or to become due to the contractor from the Government arising out of this contract may be assigned to any bank, trust company or other financing institution, including any Federal lending agency. Any such assignment shall cover all amounts payable under this contract and not already paid, shall not be subject to further assignment, and shall not be made to more than one party, except that any such assignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract. In the event of any such assignment, the assignee thereof shall file written notice of the assignment together with a true copy of the instrument of assignment with (1) the General Accounting Office of the Government (2) the contracting officer, (3) the surety or sureties upon the bond or bonds, if any, in connection with this contract, and (4) with the disbursing officer designated to make payments under this contract.

(c) Payments to an assignee of any claims arising under this contract shall not be subject to reduction or set-off for any indebtedness of the contractor to the United States arising independently of this contract.

(d) In no event shall copies of any plans, specifications, or other similar documents marked "secret," "confidential," or "restricted," annexed or attached to this contract be furnished to any assignee of any claim arising under this contract or to any other party not otherwise entitled to receive the same.

Section 28. INSURANCE AGAINST RISK OF LOSS OR DAMAGE:

"(a) The contractor shall, as a condition precedent to the receipt of any partial payment from the Government on account of any material, supplies or equipment in the possession of the contractor, insure the same against the usual risks of loss or damage, shall thereafter keep said material, supplies or equipment insured against the usual risks of loss or damage while the contractor remains responsible therefor as provided in this contract, and shall insure and keep insured all material, supplies or equipment furnished to the contractor by the Government against the usual risks of loss or damage while the contractor remains responsible therefor as provided in this contract as follows:

"(1) By a policy or policies of fire insurance with extended endorsements;

"(2) By a policy or policies of insurance covering flight operations, except flight operations conducted by the Government, if said material, supplies or equipment comprise aircraft;

"(b) The insurance shall be in a sum at least equal to the amount of the Government's interest in the subject matter, shall be in the name of the United States of

America and/or the contractor, and shall be effected with such domestic underwriters as may be approved by the Secretary of the Navy. The policies shall contain a loss payable clause making losses payable to the Secretary of the Navy, or order. No co-insurance clauses shall be included in any policy or policies furnished hereunder. Any payments thereunder shall inure to the benefit of the United States to the extent of any loss suffered by the United States and not made good by the contractor, as hereinbefore provided, and to the contractor as to any remaining balance or otherwise.

"(c) Insurance policies shall be filed with the Judge Advocate General of the Navy, who shall retain custody thereof until delivery of the subject matter thereof in accordance with the provisions of this contract.

"(d) In lieu of specific insurance policies hereunder the Secretary of the Navy may, in his discretion, accept coverage under shop or blanket insurance written by domestic underwriters and carried by the contractor where such shop or blanket insurance is of sufficient magnitude and of broad enough coverage to provide ample protection for the United States, and the contractor certifies such fact, under corporate seal, to the Secretary of the Navy. The certificate provided for herein shall contain a list of the underwriters and the amount of coverage carried by each. The Secretary of the Navy may, in his discretion, require the contractor to submit the policies of shop or blanket insurance for his inspection as to adequacy of insurance, which policies shall be returned to the contractor upon the completion of such inspection."

Section 29. EMPLOYMENT OF ALIENS

(a) **Employment of Aliens: Section 10(j) of the Aircraft Procurement Act approved July 2, 1926.**—It is understood and agreed that this contract is subject to the provisions of section 10(j) of the Aircraft Procurement Act approved July 2, 1926 (Public No. 446, 69th Congress; 44 Stat. 787; 10 U.S.C. 310(j), a part of which is quoted below:

> "* * * no aliens employed by a contractor for furnishing or constructing aircraft, or aircraft parts, or aeronautical accessories for the United States shall be permitted to have access to the plans and specifications or the work under construction or to participate in the contract trials without the written consent beforehand of the Secretary of the department concerned."

(b) **Employment of Aliens: Section 11 of Public Act No. 671, 76th Congress.**—It is understood by the parties hereto that this contract is subject to the provisions of Section 11 of an Act approved June 28, 1940 (Public No. 671, 76th Congress), quoted below:

> "Sec. 11. (a) No aliens employed by a contractor in the performance of secret, confidential, or restricted Government contracts shall be permitted to have access to the plans or specifications, or the work under such contracts, or to participate in the contract trials, unless the written consent of the head of the Government department concerned has first been obtained and any person who willfully violates or through negligence permits the violation of the provisions of this subsection shall be fined not more than $10,000 or imprisoned not more than 5 years, or both.
>
> "(b) Any alien who obtains employment on secret, confidential or restricted Government contracts by willful misrepresentations while seeking such employment, shall be fined not more than $10,000 or imprisoned not more than 5 years, or both.
>
> "(c) For the purpose of this section, the term 'person' shall be construed to include an individual, partnership, association, corporation, or other business enterprise."

(c) **Employment of Aliens by Subcontractors.**—In each subcontract which the contractor may make under this contract, there shall be included a stipulation that no aliens in the employ of the subcontractor shall be permitted to have access to the plans or specifications, or the work under the contract, or to participate in the contract trials, unless the written consent of the Secretary of the Navy has first been obtained: Provided, that such stipulation need not be included in any subcontract for standard or commercial products procured under specifications which will not disclose the nature or character of the work and/or materials covered by this contract or any other classified information relative thereto; Provided further, that such stipulation need not be included in a subcontract if the naval inspector or the contracting officer shall consent to the omission of such stipulation from such subcontract, or to the

inclusion of a different stipulation therein. The term "naval inspector" as used herein shall be construed as meaning the inspector of naval material, supervisor of shipbuilding, inspector of machinery, inspector of naval aircraft, naval inspector of ordnance, or inspector of navigation material, charged with the duty of inspecting the work and/or materials covered by this contract.

Section 30. DISCLOSURE OF INFORMATION.

(a) It is understood that the work contracted for hereunder relates to and is connected with the national defense (the prosecution of the war effort), and it is agreed: (1) That no information relating to the work under this contract shall be communicated, transmitted, or disclosed to any person not entitled to receive it; and (2) that the contractor shall be responsible for safeguarding matters within the contractor's control identified by the Navy Department as Secret, Confidential or Restricted.

(b) Information contained in the plans and specifications may be disclosed to the officers, agents, or employees of the contractor to the extent that such disclosure is essential to the performance of this contract, subject to any restrictions which may be imposed by the contracting officer or the naval inspector charged with the duty of inspecting the work or materials covered by this contract. Information contained in the plans and specifications may be disclosed to officers, agents, or employees of corporations, partnerships or persons undertaking the performance of subcontracts or purchase orders made or placed under this contract only if the contracting officer or the naval inspector charged with the duty of inspecting the work or materials covered by this contract shall consent to such disclosure.

(c) It is further understood that disclosure of information relating to the work contracted for hereunder to any person not entitled to receive it, or failure to safeguard all matters within the contractor's control identified by the Navy Department as Secret, Confidential or Restricted, may subject the contractor, his or its agents, employees, and subcontractors, to criminal liability under the laws of the United States, including Title I of an Act approved June 15, 1917 (Public No. 24, 65th Congress; 40 Stat. 217), as amended by an Act approved March 28, 1940 (Public No. 443, 76th Congress; 54 Stat. 79) (50 U. S. Code (1940 ed.) Chap. 4), and the provisions of an Act approved January 12, 1938 (Public No. 418, 75th Congress; 52 Stat. 3; 50 U. S. Code (1940 ed.) 45-45d), as supplemented by Executive Order No. 8381, dated March 22, 1940.

Section 31. REPORTS OF ESPIONAGE, SABOTAGE OF SUBVERSIVE ACTIVITIES.

(a) The contractor agrees that it will immediately submit a confidential report to the Navy Department or its duly authorized representatives, with copies to such other Government agencies as the Navy Department or its duly authorized representatives may designate, whenever it has information indicating (1) that any of its employees may be engaged in subversive activity at any place or (2) that an active danger of espionage or sabotage exists at any plant, factory or site at which work under this contract is being performed or at which material acquired, fabricated or manufactured in connection with the performance of this contract is stored. The report shall contain a complete statement of such information. The contractor agrees that it will instruct its personnel to submit any information coming to their attention with respect to the foregoing.

(b) The contractor agrees that it will, whenever directed by duly authorized representatives of the Navy Department, submit any and all information which the contractor may have concerning any of its employees engaged in work at any plant, factory or site at which work under this contract is being performed.

(c) The contractor agrees that it will refuse to employ, or if already employing will forthwith discharge from employment, and will exclude from any plant, factory or site at which work under this contract is being performed, any person or persons whom the Secretary of the Navy or his duly authorized representatives, in the interest of security against espionage, sabotage or subversive activity may designate.

(d) In each subcontract or purchase order which the contractor may make or place under this contract the contractor shall include stipulations which shall conform substantially to the language of the preceding paragraphs of this Article: Provided, That such stipulations need not be in any subcontract or purchase order for standard or commercial products procured under specifications which will not disclose the nature or

character of the subject matter of this contract; Provided, further, that such stipulations need not be included in a subcontract or purchase order if the contracting officer or the naval inspector charged with the duty of inspecting the work or materials covered by this contract shall consent to the omission of such stipulations or to the inclusion of different stipulations therein.

Section 32. REPRESENTATIONS AND STIPULATIONS PURSUANT TO PUBLIC ACT NO. 846, 74th CONGRESS.

It is understood and agreed that this contract shall be subject to the representations and stipulations of Public Act No. 846, 74th Congress, and regulations issued by the Secretary of Labor pursuant thereto as follows:

a. The contractor is the manufacturer of the materials, supplies, articles, or equipment to be manufactured or used in the performance of the contract.

b. All persons employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract will be paid, without subsequent deduction or rebate on any account, not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the materials, supplies, articles, or equipment are to be manufactured or furnished under the contract: Provided, however, That this stipulation with respect to minimum wages shall apply only to purchases or contracts relating to such industries as have been the subject matter of a determination by the Secretary of Labor.

c. No person employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract shall be permitted to work in excess of 8 hours in any 1 day or in excess of 40 hours in any 1 week, unless such person is paid such applicable overtime rate as has been set by the Secretary of Labor.

d. No male person under 16 years of age and no female person under 18 years of age and no convict labor will be employed by the contractor in the manufacture or production or furnishing of any of the materials, supplies, articles, or equipment included in the contract.

e. No part of the contract will be performed nor will any of the materials, supplies, articles, or equipment to be manufactured or furnished under said contract be manufactured or fabricated in any plants, factories, buildings, or surroundings or under working conditions which are insanitary or hazardous or dangerous to the health and safety of employees engaged in the performance of the contract. Compliance with the safety, sanitary, and factory inspection laws of the State in which the work or part thereof is to be performed shall be prima-facie evidence of compliance with this subsection.

f. Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of contract, in the sum of $10 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of the contract, and a sum equal to the amount of any deductions, rebates, refunds, or underpayment of wages due to any employees engaged in the performance of the contract: and, in addition, the agency of the United States entering into the contract shall have the right to cancel same and to make open market purchases or enter into other contracts for the completion of the original contract, charging any additional cost to the original contractor. Any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations of the contract as set forth herein may be withheld from any amounts due on the contract or may be recovered in a suit brought in the name of the United States of America by the Attorney General thereof. All sums withheld or recovered as deductions, rebates, refunds, or underpayments of wages shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered: Provided, That no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the contractor of the withholding or recovery of such sums by the United States of America.

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without payment of the overtime rate.

The stipulations affecting employees shall be deemed applicable only to employees engaged in or connected with the manufacture, fabrication, assembling, handling, supervision, or shipment of materials, supplies, articles, or equipment required under the contract and shall not be deemed applicable to office or custodial employees.

Any contractor subject to the representations and stipulations embodied herein shall maintain the following records of employment which shall be available for the inspection and transcription of authorized representatives of the Secretary of Labor.

a. Name, address, sex, and occupation of each employee covered by the contract stipulations.

b. Date of birth of each such employee under 21 years of age.

c. Wage and hour records for each such employee including the rate of wages and the amount paid each pay period, the hours worked each day and each week, and the period during which each such employee was engaged on a government contract with the number of such contract. Compliance with this subsection shall be deemed complete if wage and hour records for all employees in the plant are maintained during the period between the award of any government contract and the date of delivery of the materials, supplies, articles, or equipment: Provided, That where no separate records for employees engaged on government contracts are maintained, it shall be presumed until affirmative proof is present to the contrary that all employees in the plant, from the date of award of any such contract until the date of delivery of the materials, supplies, articles, or equipment, were engaged on such government contract.

Section 33. BILLING INSTRUCTIONS.

Invoices in payment shall bear the following certificate signed by the duly authorized representative of the contractor billing the material:

> I certify that the above bill is correct and just; that payment therefor has not been received; and that all statutory requirements as to American production and labor standards, and all conditions or purchase applicable to the transaction have been complied with.

The prescribed certificate shall be printed, typed or stamped on the voucher or invoice. In cases where it is physically impossible to execute an additional certificate on the face of the invoice, this certificate will be placed on the reverse of the invoice, additional (separate) sheet for certification only will not be accepted.

Section 34. GENERAL SPECIFICATIONS FOR INSPECTION OF MATERIAL.

"General Specifications for Inspection of Material," issued by the Navy Department July 1, 1941, shall form a part of the Specifications, copies of which together with any Navy Standard or Federal Specification (if mentioned herein), may be obtained upon application to the Supply Officer of any Navy Yard, the Navy Purchasing Officer, Newport, R. I., New York, N. Y., and San Francisco, California, or to the Bureau of Supplies and Accounts.

Section 35. REPORT OF SHIPMENT.

Shipments shall be made in accordance with Paragraph 58 of "General Specifications for Inspection of Material." Within 48 hours after shipment contractor shall furnish

to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

LETTER AGREEMENT

BETWEEN

CURTISS-WRIGHT CORPORATION

AND

RYAN AERONAUTICAL COMPANY

DATED: May , 1942

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without payment of the overtime rate.

to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

May , 1942

Ryan Aeronautical Company
Lindbergh Field
San Diego, California

Dear Sirs:

We understand that the United States Government wishes you to become a producer of the Curtiss SO3C type airplane, in order that our production facilities may be relieved to a certain extent and diverted as much as possible to other production. Therefore, in the interest of the National Defense Program, and at the instance of the United States Government, we agree to extend to you for the period limited in this agreement, the benefit of our experience in airplane production technique and in manufacturing Curtiss SO3C type airplanes (exclusive of propellers and engines) and to furnish you the assistance and services described below to help you in the manufacture thereof:

1. *Definition.* For the purpose of this letter agreement, the Curtiss SO3C type airplane is that airplane referred to and described in Contract NOs-LL-96676 between the United States of America and Ryan Aeronautical Company.

2. *Handley-Page Patents.* We have a personal limited non-exclusive license agreement with Handley-Page Limited, dated August 3, 1939 (a copy of which has been supplied to you) for the manufacture of airplanes only within the United States and Cuba, without any right to sublicense and with various restrictions against disclosure of information with respect to the subject matter of such patents or inventions (as for example paragraphs 6(j) and (k) of said agreement). Therefore, no right or license of any nature whatsoever is granted to you hereunder with respect to any patents or inventions in any country owned or controlled by Handley-Page Limited. Furthermore, you agree to and hereby do indemnify and hold us harmless against any and all claims, ac-

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without payment of the overtime rate.

tions, expenditures, losses and damages with respect to or resulting from any alleged or actual infringement or contributory infringement of any of said Letters Patent or inventions by us arising out of or in connection with your manufacture or sale of airplanes under this present agreement or with respect to or resulting from any breach or alleged breach of our said agreement with Handley-Page Limited by reason of our compliance with any of the provisions of this agreement with you.

3. *Drawings and Data.* We agree to furnish and deliver to you the information, drawings and reports (which need not be returned to us) relating to the SO3C type of airplane as listed in Exhibit A annexed hereto and made a part hereof, at the times specified therein. If any additional information, data, drawings, or reports are necessary to construct the said airplanes, such additional information, data, drawings and reports shall be furnished by Curtiss to Ryan at cost whenever the same shall not conflict with requirements of Curtiss to maintain its production schedules. Where the same shall not interfere with production schedules under our existing program and to an extent not in conflict with our own requirements, we agree to provide space within our factory area for your authorized representatives, including engineers, loftsmen, and mechanics engaged in the duplication of templates, loft lines, plaster copies of drop hammer and draw dies, and check patterns for dies, and to make available to them for duplication, the templates, loft lines, dies, plasters and patterns of the SO3C type airplane which cannot be duplicated from other information.

4. *Changes and Improvements.* We also agree to furnish you copies of data similar to that referred to in paragraph "3" above, covering changes and improvements in the design and manufacture of the Curtiss SO3C type airplane, and covering any differences between such airplane and the similar airplanes currently being manufactured by us. Such changes and improvements in design and manufacturing methods effected by us shall be delivered to you when ready for release.

to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

You agree likewise to advise us of any changes or improvements of any nature whatsoever effected by you in the manufacture of the Curtiss SO3C type airplane. Such changes and improvements in manufacturing methods effected by you shall be delivered to us when ready for release.

It is agreed by you that general and detail design changes of the SO3C type airplane to be effected by you shall in all cases be subject to the prior approval of and release by the Bureau of Aeronautics. In the event that any such change effected by you shall not also have the prior approval of and release by Curtiss, then Curtiss shall have no obligation to furnish drawings, data or other information hereunder, or otherwise, with respect to such change.

5. A. *Technical Assistance of Curtiss Engineers.* During the term of this contract, on your request, we agree to furnish to you technical assistance and advice in connection with the manufacture and assembly of the Curtiss SO3C type airplane, insofar as such service and assistance is not in conflict with the requirements placed upon us by the United States Government. As part of such assistance we will furnish to you upon your request the services of Curtiss engineers to assist you in the manufacture, assembly and testing of these airplanes. You agree to pay to us the cost of the services of any such engineers together with all reasonable traveling and living expenses from the time that such engineers leave our factory until their return thereto, as determined by the Navy Department (Bureau of Supplies and Accounts). We have provided Workmen's Compensation Insurance which covers any such engineers while working at your plant. We understand that you will purchase and maintain Public Liability Insurance to cover any liability which may arise from any act or omission on the part of any such engineers of ours while in the course of their employment at your plant.

B. *Ryan Technicians in Curtiss Factory.* During the term of this contract, you may, upon obtaining any necessary governmental permission therefor, send six, or as many more as we deem necessary or desirable (at any one time) of your technicians

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without

to our plant at Columbus, Ohio, to observe and study the methods employed by us in the manufacture and assembly of this airplane subject to the following conditions:

(1) You agree to pay all salaries and wages of such technicians and to bear all traveling, living and other expenses which may be incurred in this connection;

(2) We shall not be required to admit such technicians or representatives to any portion of our factory

(a) where work of a secret or confidential nature is in process, unless access to such portion is necessary to furnish you with information required by you under this letter agreement; or

(b) where such admission is prohibited by laws, requirements, or restrictions of the United States Government;

(3) Whenever more than one such technician or representative are stationed in our factory they will be under a responsible and capable leader who will secure from them conformance to the rules and regulations established by us;

(4) We will not be liable for injuries to or death of any such representatives while at our plant or for injury, damage or loss to their property; and you agree to purchase and maintain insurance acceptable to us which will insure, indemnify and hold Curtiss and Ryan harmless from any such liabilities.

6. *Patents.* If any patent infringement action is threatened or instituted against you based on your manufacture or sale of airplanes under your Contract NOs-LL-96676 with the United States Government, we will, at your request, cooperate with you by furnishing to you any assistance which you may reasonably require in connection with the defense thereof including the production of witnesses, data and other matters within our control. If a settlement of any such action or claim is effected by you without our written consent, you shall procure from the party or parties with whom the settlement is thus effected, a written agreement that such a settlement is effected without prejudice to us of any sort with respect to or in connection with said infringement or

to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

claim or claims to which such settlement relates. We assume no obligation or liability whatsoever in connection with any injunction or judgment resulting from any such action instituted against you or for the payment of any amounts in settlement thereof. It is understood, of course, that you will reimburse us for our costs and expenses (including counsel fees) in assisting you in the defense of any such action.

Nothing herein shall be deemed to change or modify in any way the rights and obligations of the parties hereto under paragraph "2" hereof.

It is not intended that construction by you of such SO3C type airplane shall be limited or increased in cost by virtue of any patent rights which may be under our ownership or control, and we hereby agree that we will not assert any demand or maintain any action in law or in equity against you by reason of employment by you in construction of such SO3C type airplane of any feature or features covered by patent rights which we may now own or control.

7. *Payment.* In consideration for the performance by us of the agreements herein contained you agree to pay us a fixed fee of four hundred and fourteen thousand, three hundred ninety-six dollars ($414,396), which shall be paid by you to us as follows:

25% of said amount within thirty (30) days following approval by the Government of this contract;

5% of said amount at the expiration of sixty (60) days from the approval by the Government of this contract;

5% of said amount per month at the end of each succeeding month during the life of this contract until 95% of said fee shall have been paid; and

the final 5% of said amount upon delivery by you to the Government of the 1,000th airplane under contract NOs-LL-96676.

In addition to the payments hereinabove provided you shall pay us the costs and expenses in connection with the services of engineers as provided for in paragraph 5-A hereof, plus any fur-

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without

ther amounts which may be due by reason of our furnishing to you additional information, data, drawings or reports in accordance with the provisions of the second sentence of paragraph 3, upon submission by us to you of invoices approved by the Naval cost inspector at our plant.

Inasmuch as the services to be performed by us are not directly related to the number of airplanes to be delivered by you or to the rate of delivery, in the event that your contract with the United States Government NOs-LL-96676 shall be terminated prior to delivery of the one thousandth airplane the percentage payments above set forth shall not be affected, except that the payment next due after the date of such termination shall be prorated on the basis of elapsed days and the appropriate portion of such payment, together with all subsequent payments, shall be waived.

8. *Prevention of Performance.* Neither of the parties hereto shall be deemed to have breached this agreement by reason of failure to perform any obligations hereunder provided such failure shall be due to strikes, fire, acts of God or a public enemy, riot, incendiary, interference by civil or military authorities, compliance with orders of the President of the United States or other Governmental agencies, delays in transit or delivery on the part of transportation companies or any other cause of the same or a different nature beyond its control or without its fault, or by reason of any act or failure to act on the part of the Company claiming the breach.

9. *Term of Agreement.* All rights and obligations under this contract, except your unperformed obligation to make any payments and except the rights and obligations set forth in paragraphs 2 and 6 hereof shall cease and terminate:

i. Upon the acceptance by the Government of the one thousandth airplane manufactured by you under Contract NOs-LL-96676 with the United States Government or

ii. Upon the termination of Contract NOs-LL-96676 between Ryan and the United States Government, whichever shall first occur.

to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

10. *Limitation of Rights.* It is distinctly understood between us that no rights of any kind are granted to you hereunder other than as specifically set forth in this agreement. It is also understood and agreed that upon the expiration or termination of this agreement, all rights and obligations hereunder except as otherwise specified shall cease and terminate. Except as may be necessary in the construction of such SO3C type airplanes for or with the approval of the United States Government, you agree that you will make no disclosure of the SO3C drawings, design information, and data furnished to you hereunder.

11. *Construction of Airplanes, Quality of Material and Workmanship.* It is definitely understood between us that we assume no responsibility for the construction of the airplanes in accordance with drawings, design information and data to be furnished you by us or for the quality of material and workmanship of airplanes built by you of the Curtiss SO3C type and you agree to indemnify and hold us harmless against any claims of third parties arising out of or resulting from your failure to construct said airplanes in accordance with said drawings, design information and data and for any fault in the quality of material and workmanship of said airplane.

It is further understood between us that we shall not be liable by reason of errors or omissions in any data, information or services to be furnished under this agreement, but the foregoing shall not relieve us from our obligation to furnish the data, information and services as herein provided and we shall use efforts, reasonable and appropriate under the circumstances, to avoid omissions or errors therein.

12. *Assistance to Ryan in Procuring Supply Sources.* To the extent that the same is not in conflict with the requirements placed upon us by and under our contracts with the United States Government, we agree to aid and assist you in procuring and establishing sources of supply for the materials needed in the manufacture and assembly of the SO3C type airplane. Whenever the same shall not conflict with our requirements for materials, we will authorize, upon your request, vendors of raw, semi-fabricated and fabricated

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without

materials used or applicable to the SO3C type airplane to use our patterns, dies, jigs and fixtures in the fabrication of such materials on terms to be fixed by and between you and such vendors.

13. *Conformance with Laws and Regulations.* It is understood and agreed that the performance of this contract is and shall be subject in all respects to laws, rules, regulations, requirements, demands and proclamations of the United States Government or its duly authorized representatives and of all subdivisions of the Government which now govern or which may hereafter govern the subject matter of this agreement and of your contract NOs-LL-96676 with the United States Government.

14. *Construction.* This agreemneent between us shall be construed and interpreted in accordance with the laws of the State of New York but no court of competent jurisdiction shall be deprived of jurisdiction hereby.

If the foregoing is acceptable to you, will you please indicate your acceptance thereof by signing and returning to us the enclosed counterpart of this letter.

Very truly yours,

CURTISS-WRIGHT CORPORATION,

By.....

Accepted: May , 1942.

RYAN AERONAUTICAL COMPANY,

By.....

to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

EXHIBIT A

REFERRED TO IN PARAGRAPH "3" OF CURTISS-WRIGHT-RYAN AGREEMENT

Items and Pieces

I. Engineering Information and Services

a. (1) 1 set of paper Van Dykes of SO3C-1 and SO3C-4 details and assembly drawings and 1 set of Van Dykes of each changed and new drawing until photo-lith prints have been supplied as per item k, below.

(2) 1 Van Dyke copy of a list of numbers of these drawings.

b. (1) 2 copies of every SO3C-1 Engineering Order that had been incorporated on drawings prior to December 1, 1941.

(2) 1 Van Dyke copy of all other SO3C-1 and SO3C-4 Engineering Orders.

(3) 1 copy of description of Engineering Order System.

(4) 1 copy of all SO3C-4 group release sheets and engineering hold-up orders and revisions as released.

c. 2 copies of Bill of Material to U. S. Army Spec. 98-40038H, and revisions as issued for our own requirements.

d. (1) Duplicate copies of Title and Material Master I.B.M. cards covering all SO3C-1 and SO3C-4 releases, and duplicate copies of all changed cards.

(2) 1 copy of I.B.M. wiring diagrams necessary to use above cards.

(3) 2000 Form 198-5 release sheets, 5000 Form 199-6 release change notice up to 5000 more Form 199-6 if required.

(4) 1 copy, Material Code Book.

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without

Items and Pieces (Continued)

I. Engineering Information and Services (Continued)

e. 1 set of all SO3C-1 and SO3C-4 photographs which we are obligated to furnish according to the terms of Contract 76800.

f. 1 Van Dyke copy of each of the weight, flight test, structural tests, and stress analysis reports required under Contract 76800 which are applicable to SOR-1 airplanes, and as are necessary to substantiate the guarantees on SOR-1 airplanes.

g. (1) 2 copies each of Erection & Maintenance Manual & Pilots Handbook for SO3C-1 and SO3C-4 airplanes.

(2) 2 copies of Handbook of Instructions for Structural Repairs of SO3C-4 airplanes.

h. 2 copies of each of the first and second SO3C-1 Spare Parts List and the SO3C-4 Spare Parts List.

i. Drawing stress checks and structural salvage reports on the SO3C-1 and SO3C-4 airplanes to be made available for copying.

j. 2 copies each of Curtiss Finish Specification, Standards Book, Process Specification, Structures Manual, Engineering Manual, and Inspection Manual, to be returned to us at the termination of their usefulness to you in building SOR-1 airplanes.

k. 1 set of photo-lith prints on cloth made from inked tracings on cloth of final corrected drawings of the SO3C-4 airplane.

II. Planning & Tool Information and Services

a. 1 set of paper Van Dykes of SO3C-1 and SO3C-4 tool drawings and 1 Van Dyke copy of each changed or new drawing affecting SO3C-1's and SO3C-4's (we wish to note that some tools are called out on operation sheets for which no tool drawings have been or will be made).

b. 2 copies of each Operation Sheet written for SO3C-1 and SO3C-4 airplanes and two copies of each changed Operation Sheet affecting SO3C-1 and SO3C-4 airplanes.

to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

Items and Pieces (Continued)

II. Planning & Tool Information and Services (Continued)

c. 2 copies of our Assembly Priorities Sheets for the SO3C-1 airplane and 2 copies of each changed or new Assembly Priorities Sheet affecting SO3C-1 and SO3C-4 airplanes, as available and prepared for our own use.

d. 1 copy of any information we have available and prepared for our own use on times required to perform certain operations on SO3C-1 and SO3C-4 airplanes in this plant.

III. Purchasing Information and Services

a. 1 copy of a list of Vendors and Subcontractors furnishing items for the SO3C airplane.

The above items are considered necessary to provide all information required to construct SOR-1 airplanes as described in Contract NOs-LL-96676.

Every effort will be made to furnish the above items at the earliest date possible. (SO3C-1 drawings will be delivered about June 1, 1942, and data for flight tests will be delivered about September 1, 1942.) Changed drawings and data will be delivered when ready for release.

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without

to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

CONTRACT

COST-PLUS-A-FIXED-FEE

Between

THE UNITED STATES OF AMERICA
NAVY DEPARTMENT
Bureau of Supplies and Accounts

and

THE RYAN AERONAUTICAL CO.
(CONTRACTOR)

RESTRICTED
Public Inspection Not Permitted

Estimated Cost $49,091,997.60
Fixed Fee $ 2,920,647.67

THIS CONTRACT, entered into as of the 30 day of June, 1942 by the UNITED STATES OF AMERICA, hereinafter called the Government, represented by the contracting officer executing this contract, and The Ryan Aeronautical Co., a corporation organized and existing under the laws of the State of California, of the city of San Diego, in the State of California, hereinafter called the contractor, witnesseth that the parties hereto do mutually agree as follows:

ARTICLE 1. **Scope of this Contract.** The contractor shall furnish and deliver all of the supplies or services described in Schedule A attached hereto for the consideration stated in Schedule A, in strict accordance with the specifications, schedules and drawings attached to or designated in Schedule A, all of which are made a part hereof. Deliveries and payment of the contract price shall be made as stated in Schedule A. The rights and obligations of the parties hereto shall be subject to the provisions contained in Article 1 to 10 of this contract, inclusive, as well as the provisions of Schedule A in the event of any inconsistency between the provisions of the said Articles and the provisions of Schedule A, the latter shall be deemed to control to the extent of such inconsistency.

ARTICLE 2. **Changes.** Where the supplies to be furnished are to be specially manufactured in accordance with drawings and specifications, the contracting officer may at any time, by a written order, and without notice to the sureties, make changes in such drawings or specifications, except Federal Specifications. Changes may likewise be made as to the shipment and packing of such supplies. If any change is made which causes a material increase or decrease in the amount or character of the work to be done under this contract, or in the time required for its performance, an equitable adjustment of the estimated cost, the fixed fee, and the time prescribed for performance of the contract shall be made and the contract shall be modified in writing accordingly.

ARTICLE 3. **Extras.** Except as otherwise herein provided, no charge for extras will be allowed unless the same have been ordered in writing by the contracting officer.

ARTICLE 4. **Records.** (a) The contractor shall keep records and books of account showing the cost of performing this contract. The method of accounting employed by the contractor shall be subject to the approval of the contracting officer, but no material change will be made in the contractor's method if it conforms to good accounting practice and is sufficient for the purpose of applying the provisions of this contract relating to the determination of costs.

(b) The contracting officer and his authorized representatives shall at all reasonable times have access to all records and books of account pertaining to this contract. All information obtained from said records and books of account shall be treated as confidential.

(c) The contractor shall preserve all records and books of account pertaining to this contract; Provided, however, That if the contractor, at any time after the lapse of six (6) years following the date upon which the final payment under the contract becomes due, desires to dispose of said records and books of account, he shall so notify the Secretary of the Navy or his duly authorized representative, who shall either authorize their destruction or notify the contractor to turn them over to the Government for disposition, and the contractor shall promptly comply with such notice.

(d) Should the contractor enter into any subcontract on a cost-plus-a-fixed-fee basis, the foregoing provisions of this article shall be applicable to, and included in, such subcontract.

ARTICLE 5. **Additional Security.** Should any surety upon any bond given by the contractor in connection with this contract become unacceptable to the Government, or if any such surety shall fail to furnish reports as to his financial condition from time to time as requested by the Government, the contractor shall promptly furnish such additional security as may be required from time to time to protect the interests of the Government and of persons supplying labor or materials in the prosecution of the work contemplated by the contract.

ARTICLE 6. **Officials Not to Benefit.** No member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 7. **Covenant Against Contingent Fees.** The contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or in its discretion, to deduct from the payments due and payable under the contract the amount of such commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

ARTICLE 8. **Disputes.** Except as otherwise specifically provided in this contract, all disputes concerning questions of fact arising under this contract shall be decided by the contracting officer, subject to written appeal by the contractor within thirty (30) days to the Secretary of the Navy or his duly authorized representative, whose decision shall be final and conclusive upon the parties hereto. In the meantime the contractor shall diligently proceed with performance.

ARTICLE 9. **Nondiscrimination in Employment.** The contractor, in performing the work required by this contract, shall not discriminate against any worker because of race, creed, color, or national origin. The contractor further agrees that each subcontract made under this contract will contain a similar provision with respect to nondiscrimination.

ARTICLE 10. **Definitions.** (a) The term "head of the department" as used herein shall mean the head or any assistant head of the executive department involved, and the term "his duly authorized representative" shall mean any person authorized to act for him other than the contracting officer.

(b) The term "contracting officer" as used herein shall include the chief of the Bureau of Supplies and Accounts, the Purchasing Officers in such Bureau, and their duly appointed successors and duly authorized representatives.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

THE UNITED STATES OF AMERICA,

By_____

Purchasing Officer, Bureau of Supplies and Account, Navy Department

_____

(Official Title)

THE RYAN AERONAUTICAL CO.

Contractor

TWO WITNESSES:

By_____

President.

_____

_____ _____

Business Address

I, G. C. Woodard, certify that I am the Secretary of the corporation named as contractor herein; that T. Claude Ryan, who signed this contract on behalf of the contractor, was then President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ (Corporate seal)

SCHEDULE A

Bureau Requisition: LL-2092-Bu-42 Title 13-x-9
Aero-5806-Bu-42 Title 13-x-2

Bureau: Aeronautics.

Aeronautics Appropriation: Lot 1. 17-111/30021. (8) 113 Defense Aid, Aircraft and Aeronautical Material, 1941-1943.
Lot 2. 1721502.1 Aviation Navy 1942.

Purpose: Additional Class VSO Airplanes for the Navy and the British. (UK7208)

Section 1. SUPPLIES TO BE FURNISHED AND ESTIMATED COST AND FEE.

The supplies to be furnished under this contract and the estimated cost and the fixed fee to be paid by the Government are as follows:

LOT 1. (BRITISH)

Item		Quantity	Estimated Unit Cost	Total Cost
1	Airplanes, Class VSO Model SOR-1 equipped with wheel landing gear	100	$30,958.00	$3,095,800.00
2	Spare parts to approximately thirty-five percent (35%) of the money value of Item 1			1,083,530.00
3	Final corrected information and drawings in accordance with Bureau of Aeronautics Specification SR-6F as modified by Addendum No. 36 thereto	1 set		15,000.00
	Total Estimated Cost (Lot 1)			4,194,330.00
	Plus the fixed fee (Subject to adjustment pursuant to provisions set forth in Section 5(a).)			249,537.60
	Total Estimated Cost Plus Fixed Fee (Lot 1)			$4,443,867.60

LOT 2. (U. S. NAVY)

Item		Quantity	Estimated Unit Cost	Total Cost
1	Design data and drawings in accordance with Bureau of Aeronautics Specification SR-6F as modified by Addendum No. 36 thereto	1 Set		$ 5,000.00
2(a)	Tests and miscellaneous data in accordance with Bureau of Aeronautics Specification SR-6F as modified by Addendum No. 36 thereto	1 Set		$ 10,000.00
2(b)	Static test Structure representative of Items 3(a) and 3(b)	1		25,000.00
3(a)	Airplane, Class VSO, Model SOR-1 equipped with wheel landing gear	1 only	$45,958.00	45,958.00
3(b)	Airplane, Class VSO, Model SOR-1 equipped with wheel landing gear	1071	30,958.00	33,156,018.00
4	Spare parts to approximately thirty-five percent (35%) of the money value of Items 3(a) and 3(b)			11,620,691.60
5	Final corrected information and drawings in accordance with Bureau of Aeronautics Specification SR-6F as modified by Addendum No. 36 thereto	1 set		35,000.00
	Total Estimated Cost (Lot 2)			$44,897,667.60
	Plus the fixed fee (Subject to adjustment pursuant to provisions set forth in Section 5(a).)			2,671,110.07
	Total Estimated Cost Plus Fixed Fee (Lot 2)			$47,568,777.67
	Grand Total Estimated Cost Plus Fixed Fee (Lots 1 and 2)			$52,012,645.27

Section 2. CONTRACT WITH CURTISS-WRIGHT CORPORATION.

The Government represents that it has heretofore entered into a contract (NOs-76800) with Curtiss-Wright Corporation dated October 21, 1941 (hereinafter sometimes referred to as the Government-Curtiss-Wright Corporation contract) which contract provides for the manufacture by Curtiss-Wright Corporation and sale to the United States, of airplanes and spare parts manufactured, in general, to the same specifications as specified in this contract for the manufacture of the airplanes covered hereunder. It is the understanding of the Government that the airplanes called for herein will be manufactured in accordance with drawings, information and engineering data which will be prepared by and obtained from the Curtiss-Wright Corporation. The contractor represents that, therefore, in order to obtain all drawings, design and manufacturing data, and other information necessary and helpful to the prompt manufacture and delivery of the airplanes and spare parts covered by this contract, it has executed simultaneously with the execution hereof, a contract with Curtiss-Wright Corporation, a true and correct copy of which is attached hereto as Exhibit I. The contractor's action in entering into said contract (attached as Exhibit I) is hereby approved. The contractor is hereby authorized to discuss or communicate with or obtain information from representatives of Curtiss-Wright Corporation familiar with said Government-Curtiss-Wright contract or with the manufacture of said airplanes by Curtiss-Wright Corporation concerning any matter in connection with the design, manufacture and/or performance of the airplanes covered by this contract which may facilitate the contractor in the prompt fulfillment of his obligations hereunder.

Section 3. DELIVERIES.

Deliveries shall be made in accordance with "Conditions Governing Delivery of Supplies to the Navy" except as otherwise provided herein. Delivery is construed to occur on the date that the item is accepted by the Government at the delivery point specified. Delivery shall be made as follows:

(Lot 1 Only)

Item 1. Each airplane shall be delivered, set up, serviced with 100 gallons of gasoline and 8 gallons of oil, and ready for flight, at or near the contractor's plant, in accordance with the following delivery schedule:

Quantity	Prior to
4 airplanes	May 31, 1943
50 "	June 30, 1943
46 "	July 31, 1943

Each airplane shall be delivered as a landplane unless the Bureau of Aeronautics shall request that it be delivered as a seaplane and the Navy Department shall furnish float landing gear necessary to fly said airplane as a seaplane. In the event any airplane is delivered as a seaplane, its wheel landing gear shall be delivered racked in cars, boxed, or crated, f.o.b. at or near the contractor's plant at the time such airplane is delivered.

Item 2. The spare parts shall be delivered, racked in cars, boxed, or crated, f.o.b. at or near the contractor's plant at a rate at least equal to the rate of delivery of complete airplanes so that at any time the percentage of the total quantity of each item of the spare parts delivered shall be the same as, or more than, the percentage of completed airplanes delivered.

Item 3. Final corrected information and drawings, (based upon similar information and drawings received by the contractor from the Curtiss-Wright Corporation as referred to herein) after inspection by the Inspector of Naval Aircraft, at the contractor's plant, shall be delivered in accordance with Bureau of Aeronautics Specification SR-6F within thirty (30) days after delivery of the fiftieth (50th) airplane.

(Lot 2 Only)

Item 1. Design data and drawings, (based upon similar information and drawings received by the contractor from the Curtiss-Wright Corporation as referred to herein) after inspection by the Inspector of Naval Aircraft, at the contractor's plant, shall be delivered to the Navy Department (Bureau of Aeronautics), delivery to be complete within 150 days after date of contract.

Item 2(a). Tests and miscellaneous data, (based upon similar information and drawings received by the contractor from the Curtiss-Wright Corporation as referred

to herein) after inspection by the Inspector of Naval Aircraft, at the contractor's plant, shall be delivered to the Navy Department (Bureau of Aeronautics), delivery to be complete within 240 days after date of contract.

Item 2(b). The static test structure, after inspection by the Inspector of Naval Aircraft, shall be delivered to the Naval Aircraft Factory within 330 days after date of contract.

Item 3(a). The airplane shall be delivered, set up and ready for flight, at the Naval Air Station, Anacostia, District of Columbia, on or before October 30, 1942.

Item 3(b). Each airplane shall be delivered, set up, serviced with 100 gallons of gasoline and 8 gallons of oil, and ready for flight, at or near the contractor's plant, in accordance with the following delivery schedule:

Quantity	Prior To
1 airplane	January 31, 1943
5 airplanes	February 28, 1943
10 airplanes	March 31, 1943
20 airplanes	April 30, 1943
31 airplanes	May 30, 1943
0 airplanes	June 30, 1943
19 airplanes	July 31, 1943
80 airplanes	August 31, 1943

September, and every month thereafter 80 airplanes per month

Each airplane shall be delivered as a landplane unless the Bureau of Aeronautics shall request that it be delivered as a seaplane and the Navy Department shall furnish to the contractor float landing gear necessary to fly said airplane as a seaplane. In the event any airplane is delivered as a seaplane its wheel landing gear shall be delivered racked in cars, boxed, or crated, f.o.b. at or near the contractor's plant at the time such airplane is delivered.

Item 4. The spare parts shall be delivered, racked in cars, boxed, or crated, f.o.b. at or near the contractor's plant at the rate at least equal to the rate of delivery of complete airplanes so that at any time the percentage of the total quantity of each item of the spare parts delivered shall be the same as, or more than, the percentage of completed airplanes delivered.

Item 5. Final corrected information and drawings, after inspection by the Inspector of Naval Aircraft, at the contractor's plant, shall be delivered in accordance with Bureau of Aeronautics Specification SR-6F within thirty (30) days after delivery of the fiftieth (50th) airplane.

Section 4. DESCRIPTION OF ITEMS AND SPECIFICATIONS.

(Lot 1 Only)

Item 1. Each airplane shall be furnished in accordance with Bureau of Aeronautics Specification SD-309-1 dated February 2, 1942, completely assembled and ready for flight, except that changes may be ordered as provided under CHANGES. One (1) set of Erection and Maintenance Instructions in accordance with Bureau of Aeronautics Specification SR-69 and two (2) copies of Pilot's handbook in accordance with Bureau of Aeronautics Specification SR-81 shall be furnished with each airplane.

Item 2. The parts and quantities thereof which are to comprise the spare parts, Item 2, Lot 1, Section 1, will be specified by the Navy Department at the time of signing of this contract.

Item 3. Final corrected information and drawings shall be applicable to the fiftieth (50th) airplane, Item 1 of Section 1, as finally delivered. Final corrected information and drawings shall also be submitted indicating wherein the fiftieth (50th) airplane differs from the last or any other airplane selected by the Bureau of Aeronautics.

(Lot 2 Only)

Item 1. Design data and drawings shall be applicable to the airplanes, Items 3(a) and 3(b) and as required by Bureau of Aeronautics Specification SR-6F except as modified by Addendum No. 36 to SR-6F dated February 14, 1942.

Item 2(a). Tests and miscellaneous data shall be applicable to the airplanes, Items 3(a) and 3(b), and as required by Bureau of Aeronautics Specification SR-6F except as modified by Addendum No. 36 to SR-6F dated February 14, 1942.

Item 2(b). Static test structure shall be applicable to the airplanes, Items 3(a) and 3(b), and as required by Bureau of Aeronautics Specification SR-6F except as modified by Addendum No. 36 to SR-6F dated February 14, 1942.

Item 3(a). The airplane, Item 3(a), shall be furnished in accordance with Bureau of Aeronautics Specification SD-309-1 dated February 21, 1942, completely assembled and ready for flight, except that changes may be ordered as provided under CHANGES. Two (2) sets of Erection and Maintenance Instructions in accordance with Bureau of Aeronautics Specification SR-69 and three (3) copies of Pilot's Handbook in accordance with Bureau of Aeronautics Specification SR-81 shall be furnished with this airplane.

Item 3(b). Each airplane, Item 3(b), shall be complete the same as the airplane, Item 3(a), when finally accepted, except that changes may be ordered as provided under CHANGES. One (1) set of Erection and Maintenance Instructions in accordance with Bureau of Aeronautics Specification SR-69 and two (2) copies of Pilot's Handbook in accordance with Bureau of Aeronautics Specification SR-81 shall be furnished with each airplane.

Item 4. The parts and quantities thereof which are to comprise the spare parts, Item 4, Lot 2, Section 1, will be specified by the Navy Department at the time of signing of this contract.

Section 5. COMPENSATION.

(a) The Government shall pay to the contractor for furnishing and delivering the supplies called for in this contract the cost of furnishing and delivering said supplies as determined by the Bureau of Supplies and Accounts plus a fixed fee of $2,920,647.67. The fixed fee is subject to increases or decreases, when authorized changes made as provided herein increase or decrease the total estimated cost of $49,091,997.60 of the airplanes and spare parts to be delivered hereunder, said increases or decreases in the fixed fee to be equal to six percent of said increases or decreases in the total estimated cost of the airplanes, spare parts and other items to be delivered herein.

(b) Should the actual cost of furnishing all items specified in the contract equal or exceed the sum of $49,091,997.60, (revised as aforesaid to provide for authorized changes) the contractor shall be paid a fee of $2,920,647.67, (revised as aforesaid to provide for authorized changes). Should the actual cost be less than the estimated cost of $49,091,997.60, (revised as aforesaid to provide for authorized changes) the contractor shall be paid a fee of $2,920,647.67 (revised as aforesaid to provide for authorized changes) plus 50% of the amount by which the actual cost for furnishing all items fall short of the estimated cost revised as aforesaid; provided however that the additional fee to be paid to the contractor over and above $2,920,647.67 (revised as aforesaid to provide for authorized changes) shall not exceed 1% of the estimated cost of $49,091,997.60 (revised as aforesaid to provide for authorized changes).

(c) Where the Government because of the requirement of public necessity or otherwise accepts airplanes or spare parts under this contract which do not conform with the guarantees set forth herein, the Government shall pay the cost of furnishing and delivering such articles, determined by the Bureau of Supplies and Accounts in accordance with the method provided in Section 5, but in such event the fixed fee shall be reduced by an amount which shall be equitable under the circumstances, but in no event shall said fee be reduced by an amount exceeding 75% of said fee.

(d) The cost of furnishing and delivering said items shall be determined in accordance with the regulations contained in Treasury Decision No. 5000, as supplemented by I. T. 3400.

(e) In determining the cost of furnishing said supplies, there shall be deducted, irrespective of any provision to the contrary in Treasury Decision No. 5000, as supplemented by I. T. 3400, all cash and trade discounts, rebates, allowances, credits, salvages, commissions, bonuses and other benefits which have accrued to the contractor in the performance of this contract or would have so accrued but for his fault or neglect.

(f) In determining the cost of furnishing and delivering said supplies, there shall be included, irrespective of any provisions to the contrary in Treasury Decision No.

5000, as supplemented by I. T. 3400 to the extent that they are reasonable in amount, reasonably necessary and properly allocable to the cost of performing this contract in accordance with accepted accounting principles, and not specifically excluded by T. D. 5000 as supplemented by I. T. 3400, the following cost:

(1) All amounts paid by the contractor to Curtiss-Wright Corporation in conformity with the terms of the contract attached hereto as Exhibit I, including any amount required to be paid by the contractor in satisfaction of liabilities imposed by paragraph 2 of said contract with Curtiss-Wright Corporation.

(2) All costs which have been incurred by the contractor in anticipation of this contract and prior to the signing thereof, and which, if incurred after the signing of this contract, would have been considered as allowable items of cost within the meaning of said regulations; and

(3) Expenditures by the contractor for such necessary accounting services in connection with the performance of this contract, including such expenditures for accounting services in connection with the final settlement of this contract, as the contracting officer may approve, but not including any fees or other payments to persons other than regular employees of the contractor for accounting services incurred solely in connection with disputes with the Navy Department or other governmental agencies.

(4) Cost of insurance (which shall not include use and occupancy insurance) necessary to afford the contractor reasonable protection against liabilities imposed upon the contractor by this contract including but not limited to those referred to in Section 7, ii, (c) and Section 7, iii, (b).

(5) The cost of special training of personnel for work under this contract necessitated by the shortage of available competent labor when such special training is approved by the contracting officer.

(6) All losses and expenses actually sustained or incurred by the contractor in the performance of this contract not compensated for by insurance or otherwise, not required by the terms hereof or by any written direction of the contracting officer so to be covered and not proximately caused by the fault or neglect of the contractor; provided, however, that the ordinary run of mistakes by contractor's personnel (other than its engineers, officers, directors, and the management of its aircraft plant) shall not be deemed the fault or neglect of the contractor, except in cases where the contractor has failed to exercise reasonable care in the selection and employment of individual workers involved, or where such persons have been retained after the contractor has reason to believe that they are not careful, or otherwise qualified.

(7) Sick leave and vacation pay paid to contractor's employees in accordance with the policy of the contractor prior to the date hereof or in accordance with reasonable requirements of any later contract.

(8) The reasonable cost of operating a cafeteria at the contractor's plant for substantially the exclusive benefit of its employees engaged in the performance of this contract, it being understood that the contractor will use its best efforts to operate such cafeteria without profit or loss and with a view to providing its employees with proper food at minimum prices and will account to the Government for any profits (over and above profits paid to employees' welfare funds) which may result from such operation; provided that if, in the opinion of the contracting officer, the manner of operation or charges made by said cafeteria are unsatisfactory, the operation of this clause (8) may be suspended by written notice to the contractor. In requesting reimbursement of costs under this paragraph the contractor will deduct the amount of all receipts from such cafeteria for the period in question.

(9) All costs (paid or incurred by the contractor) of shipment to the contractor of parts and assemblies of any Curtiss-Wright Model S03C-1 airplane which may be sent by or at the request of the Navy Department to the contractor for use in aiding the performance hereof, the cost of examining, disassembling or otherwise repairing and delivering said parts to the Government as and to the extent that such assembly, repair and/or delivery is requested by the contracting officer.

(10) Special expenses (not including capital expenditures) necessarily incurred by reason of the war emergency, including but not limited to, wartime protection of plant and personnel (including blackout and camouflage), to the extent required by the Government and war risk insurance for personnel and property, to the extent approved by the contracting officer.

(11) Miscellaneous expenses reasonably incident to the performance of the contract, including but not limited to any necessary expense of moving personnel to their places of employment hereunder, costs of pension or group annuity plans, costs of flight delivery and company flying activities.

Section 6. PAYMENTS.

(a) Partial Payments. (1) General. Partial payments on account of the cost will be made by the Navy Department each month promptly after receipt of certified bills to cover costs as ascertained by the Navy Department (Bureau of Supplies and Accounts) theretofore incurred by the contractor and for which the contractor has not already been reimbursed. The contractor agrees to submit such bills each month.

(2) Fixed Fee. Partial payments on account of the fixed fee will be made in installments as the work progresses, as follows: Ninety percent (90%) of said fee shall be paid as it accrues in installments each month based upon the percentage that the cost of performance to date bears to the total estimated cost of fully performing this contract, as determined from estimates made and approved by the contracting officer. Upon completion of the work and its final acceptance, any unpaid balance of the fee, subject to adjustments thereof, if any, which may be made as herein provided, shall be paid to the contractor.

(b) Advance Payments. (1) General. The Government shall make advance payments to the contractor at such times and in such amount as shall be necessary to enable the contractor to perform its obligations hereunder, provided that the total amount of advance payments so made plus the total amount of any other payments made to the contractor hereunder, other than payments on account of the fixed fee, shall not exceed the estimated cost of performance of this contract. If at any time it shall appear to the satisfaction of the contracting officer that the actual cost of the performance of this contract will differ materially from the estimated cost, the contracting officer, on the basis of information provided by representatives of the Navy Department and the contractor, shall by amendment of said contract fix a revised estimated cost solely for the purpose of determining the amount of the advance payments which may be made by the Government, and the portions of the fixed fee to be paid in installments under paragraph (a) (2) of this Section. Advance payments shall be made hereunder only on the basis of applications of the contractor approved in writing by the Inspector of Naval Aircraft or his representative duly authorized in writing, which application shall be made from time to time by the contractor to the Assistant for Disbursing, Office of the Supervisory Cost Inspector, San Diego, California. The Inspector of Naval Aircraft shall be furnished with such schedule as he shall deem necessary prior to his approval of any such application. Each such application shall request an advance in a definite amount and shall state that such amount is, in the opinion of the contractor, necessary for the efficient performance of the contract during a specified current period of not less than two weeks and not to exceed one month. Any such application may also include such amount as is necessary to reimburse the contractor for expenditures previously made from funds other than withdrawals from the Navy Controlled Account and not theretofore reimbursed. The amount of any such expenditures shall be separately set forth in such application.

(2) Controlled Account. Such advance payments shall be made by check payable to the contractor and marked for endorsement for deposit only in Bank of America National Trust and Savings Association of San Diego, Calif., or in such other bank or banks as may be selected by the contractor and approved by the contracting officer. Such checks shall be deposited in an account or accounts (hereinafter called the "Navy Controlled Account"), with such bank or banks separate and distinct from all other accounts of the contractor with any such bank. No part of such advance payments shall be mingled with other funds of the contractor prior to withdrawal thereof from such Navy Controlled Account as hereinafter provided. The balance in the Navy Controlled Account shall be used by the contractor solely for lawful purposes directly connected with the performance of this contract or to reimburse the contractor for expenditures made for such purposes. Each withdrawal shall be made only by check of the contractor countersigned on behalf of the Government by the Inspector of Naval Aircraft or by such other person or persons as he may designate in writing. Each withdrawal check shall be accompanied by a certificate of the contractor that all materials acquired and labor performed in connection with this contract shall have been paid for or will be paid for promptly from such withdrawal or other withdrawals and, if necessary, other funds, and that after such payments are made, no lien in favor of any person other than the Government will exist with re-

spect to any such materials or labor, provided, however, that this agreement shall not apply to any payments for material or labor, which are not legally due or required to be paid at the time of such withdrawals. The contractor shall secure from each bank in which any Navy Controlled Account is established an agreement substantially as follows:

(Letterhead of depository bank)

"Navy Department, Attention: Bureau of Supplies and Accounts, Washington, D. C. In consideration of your making an advance payment to The Ryan Aeronautical Co. pursuant to the provisions of paragraph (b) of Section 6 of a certain contract numbered NOs-LL-96676 dated between such corporation and you and the depositing thereof, in whole or in part, in an account with the undersigned to be designated "Ryan Aeronautical Co. Navy Controlled Account," the undersigned hereby agrees to grant to the Contracting Officer designated in such contract, or his duly authorized representative or successor, access to the books and records maintained by the undersigned with respect to such account at all reasonable times and for all reasonable purposes, including (but without limiting the generality thereof) the inspection or copying of such books and records and any and all memoranda, checks, correspondence or documents appertaining thereto, and further agrees to be bound by the provisions of such paragraph (b) of Section 6, receipt of copies of which is hereby acknowledged. The undersigned agrees to preserve said books and records for a period of six (6) years after the closing of said account.

"The undersigned further agrees that it will promptly notify both the contracting officer and the contractor of the service of any legal papers upon it with respect to said account.

"The undersigned further agrees that the Government shall have a lien upon the balance in said account to secure the repayment of such advance payments, which lien shall be superior to any lien of the undersigned upon such account by virtue of assignment to it of said contract or otherwise, provided that the undersigned shall not be responsible for the application of funds withdrawn from said account unless previously notified by the Contracting Officer or his duly authorized representative to suspend withdrawals therefrom by the Contractor.

_____ Bank

By_____ "

(3) Reduction. If the balance in such Navy Controlled Account shall, in the opinion of the Bureau of Supplies and Accounts, exceed, in the aggregate, the amount necessary or appropriate for prospective needs of the contractor for the performance of this contract, the amount in excess will, upon receipt of notice in writing to the contractor from the Bureau of Supplies and Accounts, be returned to the Government within fifteen (15) days thereafter and be credited against the unliquidated balance of the aggregate advance payments made and deposited in such Navy Controlled Account. If the contractor shall not pay to the Government any sums required to be paid by any provisions of this contract, the contractor shall be liable for interest thereon at the rate of six per centum (6%) per annum in lieu of other interest. If the balance in such Navy Controlled Account shall in the opinion of the contractor exceed the amount necessary or appropriate for the prospective needs of the contractor for the performance of the contract, the contractor shall return the amount of such excess to the Government and receive a credit therefor against the unliquidated balance of the aggregate advance payments made and deposited in such Navy Controlled Account.

(4) Liquidation. So long as all advance payments made hereunder have not been fully liquidated the Government shall withhold payments of the contractor's costs and apply the amounts thereof against the Contractor's obligation to repay the advance payments made hereunder until such advance payments have been fully liquidated. If, upon the completion of the contract or the termination thereof for reasons other than the default of the contractor, the advance payments made to the contractor have not been fully liquidated, the balance thereof shall be deducted from any payments otherwise due to the contractor and if the sum or sums due the contractor be insufficient to cover any such balance, the deficiency shall be paid by the contractor in cash. In the event of the termination of the contract because of the default of the contractor, the contractor agrees to repay to the Government upon demand, the amount of all unliquidated advance payments without right of any re-

coupment, counterclaim, or set-off. If, at any time, the Navy Department, (Bureau of Supplies and Accounts) shall disallow as an item of reimbursible costs hereunder any expenditure made by the contractor from withdrawals from the Navy Controlled Account or any item for which the contractor has been reimbursed from the Navy Controlled Account, an amount equal to the amount of such disallowances shall be deducted from the next application or applications for withdrawals from the Navy Controlled Account for reimbursement of the contractor. If such applications are not sufficient to cover such disallowance, the deficiency shall be deducted from the fixed fee otherwise payable hereunder or, if such fixed fee is not sufficient for this purpose, the balance shall be paid by the contractor in cash.

(5) Interest. In view of the fact that the terms of this contract were agreed upon prior to the issuance of the Secretary of the Navy's directive SO-50778 dated April 11, 1942 and that such terms were inconsistent with the application of said directive to this contract, it is agreed, in accordance with paragraph (c) of said directive, that the contractor shall not be required to pay interest to the Government upon the advance payments except to the extent that any interest is received by the contractor upon any of the funds advanced.

(6) Security. The Government shall have a first lien upon such sums as shall be, from time to time, in the Controlled Account, superior to any lien or right of the bank or any other person, which lien shall secure the repayment of any advance payments made by the Government. In the event of appointment of a receiver, liquidator, or custodian for the property, or any substantial portion thereof, of the contractor, or any depository bank, or the institution with respect to the contractor or such bank of any proceeding under the National Bankruptcy Act, or the service of any writ of attachment, levy of execution or the commencement of other garnishment proceedings against the "Navy Controlled Account," the entire credit balance in said account shall immediately and automatically become the sole property of the Government.

(c) Liens. Any and all partial or advance payments made hereunder shall be secured, when made by a lien in favor of the Government upon the articles and things contracted for on account of all payments so made and on all material and other property acquired for or allocated to the performance of this contract, except to the extent that the Government by virtue of any other provision of this contract or otherwise, shall have valid title to such articles, things, materials or other property as against other creditors of the contractor. Said lien is hereby established and made paramount to all other liens under the provisions of an Act approved August 22, 1911 (Public No. 41, 42nd Congress; 37 Stat. 32; 34 U. S. C. 582).

(d) Identification. The contractor agrees to identify by marking or segregation all personal property which is subjected to a lien in favor of the Government by any provision of this contract in such a way as to indicate that it is subject to such lien and that it has been allocated to this contract, except to the extent that the Inspector of Naval Aircraft shall deem such identification impracticable and shall, in writing, waive such requirement in whole or in part. Any identification which otherwise conforms to the foregoing requirements shall not be deemed insufficient by reason of the co-mingling of such property with property purchased for or allocated to the performance of other cost-plus-a-fixed-fee contracts with the Navy Department. In any event the contractor shall maintain such book records of such property as are, in the opinion of the Naval Cost Inspector at the contractor's plant adequate to protect the interests of the Government. The contractor further agrees that it will not use any of such property except for the performance of this contract or of other cost-plus-a-fixed-fee contracts with the Navy Department unless the written consent of the Inspector of Naval Aircraft is secured prior to such use. If for any reason such property is not identified as provided above, the Government shall be deemed to have a lien upon any mass of property of which such property constitutes a part to the extent of the portion of such mass represented by such property.

Section 7. INSPECTION, DEMONSTRATION AND TRIAL.

i. Inspection:

(a) The contractor shall provide a complete and acceptable inspection system covering the inspection of all materials, fabricating methods, jigs, finished parts and completed airplanes. This system shall be satisfactory to the Government (Inspector of Naval Aircraft).

(b) All material and workmanship shall be subject to inspection and test by the

Government at all times and places to the extent practicable during manufacture. In case any articles are found to be defective in material or workmanship, or otherwise not in conformity with the specification requirements, the Government shall have the right to reject such articles, or require their correction or replacement. Rejected articles, or articles requiring correction, shall not be used until corrected, reinspected and accepted by the Inspector of Naval Aircraft as suitable for the purpose. Rejected articles not suitable for correction shall be promptly removed to avoid possibility of use in an airplane under this contract.

(c) If inspection and test, whether preliminary or final, is made on the premises of the contractor or subcontractor, the contractor shall furnish all reasonable facilities and assistance for the safe and convenient inspections and tests required by the inspectors in the performance of their duties. Special and performance tests shall be as described in the specifications.

(d) Until final inspection has been completed, the Government shall have the right to reject supplies or parts of supplies which are unsuited for the purpose intended, of unsatisfactory design, of inferior workmanship, or which are overweight.

ii. Demonstration.

(a) The first airplane, Item 3 (a) of Lot 2, shall be demonstrated by the contractor in accordance with the provisions of Bureau of Aeronautics Specification No. SR-38, except as modified by Addendum No. 36 to SR-38 dated February 14, 1942

(b) Each additional airplane of Lots 1 and 2 shall be demonstrated by the contractor by ground test in accordance with Bureau of Aeronautics Specification No. E-43 and by flight test to insure proper alignment and satisfactory functioning of the airplane concerned prior to delivery.

(c) All demonstrations shall be at the contractor's risk. The contractor shall assume liability for any injury or damage to the airplane, to his own employees, agents or property, or to third parties or property of third parties incurred as a result of accidents during the demonstrations of the airplanes.

iii. Trials.

(a) Upon delivery and preliminary acceptance of the first airplane, Item 3 (a) of Lot 2, by the Government, such trials of the airplane shall be conducted by the Navy Department (Board of Inspection and Survey) as may be considered necessary by it for the purpose of determining whether the contract guarantees have been fulfilled and that the airplane is satisfactory for service use. Such trials may include rough water tests on the float type landing gears at such place as may be designated by the Navy Department. Trials conducted by the Navy Department (Board of Inspection and Survey) shall be at Government expense and the contractor shall furnish at Government expense a competent airplane and engine mechanic or mechanics as required by the Navy Department.

(b) The Government assumes all risk during trials conducted by the Navy Department (Board of Inspection and Survey) except that in case of damage if it be definitely determined that the damage is due to faulty installation, material, and/or construction for which the contractor is responsible, the contractor shall be liable for damage to the airplane and to Government Furnished Equipment to the extent of promptly repairing such damage or replacing the airplane and Government Furnished Equipment at no further cost to the Navy Department. In case of damage to the airplane during the trials for which the contractor is not responsible, the Government may have the damage to the airplane repaired by the contractor and the Government shall pay the cost thereof determined by the Bureau of Supplies and Accounts as provided in Section 5 hereof. In case of damage to the airplane for which the contractor is not responsible and the Navy Department decides not to have the damage repaired by the contractor, the damaged airplane shall be finally accepted at once.

Section 8. FINAL ACCEPTANCE.

Each of the airplanes will be finally accepted after the contractor has satisfactorily completed the demonstration, Section 7, ii, for the airplane concerned, and upon completion of final inspection of the airplane concerned by the Navy Department (Inspector of Naval Aircraft) provided, however, that no airplane shall be finally accepted until a satisfactory completion of the trials referred to in Section 7, iii, hereof. Spare parts will be finally accepted in accordance with the delivery schedule specified

and upon completion of final inspection of the parts concerned by the Navy Department (Inspector of Naval Aircraft).

Section 9. GUARANTEES.

The contractor guarantees that the articles provided for under this contract will conform to the specifications herein, will be free from any defects in material and workmanship, and that the airplanes provided for under this contract shall equal or exceed in all respects (including but not limited to speed, stability, airworthiness, weight, and other flying characteristics and performance) the Model S03C-1 airplanes, subject to adjustment due to differences in weight, engine power, aerodynamic features, and other pertinent items in accordance with the specifications, which may affect performance, built by Curtiss-Wright Corporation as determined during the trials of said Curtiss-Wright Corporation airplanes by the Navy Department (Board of Inspection and Survey).

Notwithstanding the foregoing, no liability shall be imposed upon the contractor by this Section 9 unless the breach of the provisions of this section are due to wilful disregard of instructions, fraud or negligence of the contractor, its agents or employees.

For the purpose of the provisions of this Section 9 and of Section 10 hereof, negligence for which the contractor shall be liable shall not include the ordinary run of mistakes by the contractor's personnel (other than its engineers, officers, directors and management), except in cases where the contractor failed to exercise reasonable care in the selection and employment of individual workers involved, or where persons have been retained after the contractor has reason to believe that they are not careful or otherwise not qualified.

Section 10. CORRECTION OF DEFECTS.

The contractor shall remedy by correction or replacement, any defects in installation, material, and/or construction or any other failures to comply with the guarantee, without cost to the Government if such defects or failures are due solely to wilful disregard of instructions, fraud, or negligence of the contractor, its agents or its employees; provided that the Government must notify the contractor of such defects or failures not later than six (6) months after final acceptance of the airplane or spare part. Where correction or replacement is necessitated by other causes such correction or replacement shall be made by the contractor upon request of the Government and the Government shall pay the cost determined by the Bureau of Supplies and Accounts in accordance with the method provided in Section 5 hereof.

Section 11. GOVERNMENT FURNISHED EQUIPMENT.

(a) The Government shall furnish for installation in the airplanes the equipment listed as Government Furnished Equipment in Bureau of Aeronautics Detail Specification SD-309-1, except that the Navy Department reserves the right to furnish drawings of equipment listed in lieu of furnishing the equipment; in such event, airplanes without such equipment installed will be finally accepted by the Government as complete airplanes. In the event that drawings are furnished in lieu of the physical items referred to herein, and it is necessary to have such an item for installation check purposes, the contractor shall build a suitable accurate mock-up part at the expense of the Government, and said part shall be inspected and approved for said installation check purposes by the Inspector of Naval Aircraft. Title to all Government-furnished equipment shall remain in the Government while in the possession of the contractor.

(b) The contractor shall exercise reasonable care in the general custody, storage, handling, processing, use, finishing, packing and shipping of such equipment until delivery to the Government in accordance with the provisions of paragraph (c) of this section; in the event of loss or destruction of, or damage to, any equipment furnished to the contractor by the Government by reason of failure of the contractor or of any person to whom the material is delivered by the contractor to exercise such reasonable care, the contractor shall at his own expense make good such loss, destruction or damage by replacing the equipment or by paying the Government the cost of replacement; or, in the case of damaged equipment, may instead repair the same if the contracting officer shall accept the repair as completely satisfactory; and no expenditure or cost in connection with such replacement, repair or payment shall be allowed as an item of reimbursable cost under this contract.

(c) Upon the completion or termination of this contract, the contractor shall deliver to the Government at such place as shall be specified by the Naval Inspector any

of the Government Furnished Equipment not consumed in the manufacture (or Government-directed test) of the supplies covered by the terms of this contract or not incorporated in such supplies or not already paid for by the contractor.

Section 12. SUBCONTRACTS AND PURCHASE ORDERS.

At least ten (10) days before entering into any cost-plus-a-fixed-fee subcontract, or before entering into any other subcontract or issuing any purchase order exceeding $100,000, the contractor shall notify the Bureau of Supplies and Accounts (Naval Cost Inspector) in writing giving the name and location of the subcontractor or vendor, the parts or materials to be purchased, the proposed delivery schedule, if known, and the fixed price or estimated cost and fixed fee to be paid; provided, however, that the contracting officer may at any time waive, generally or specifically, the requirement of giving any such notice. The failure of the Bureau of Supplies and Accounts or the Naval Cost Inspector to object to any such subcontract or order shall not constitute an approval or disapproval thereof.

Section 13. TERMINATION.

(a) This contract may be terminated by the Government in whole or in part whenever:

(1) The contracting officer shall after the commencement of performance determine that termination is for the best interest of the Government; or

(2) The contractor fails for a period of ten (10) days after receipt of Notice of Default to cure the default in performance under this contract specified in such Notice; or

(3) The contractor refuses or fails to make delivery of the articles or materials to be furnished under this contract in accordance with specifications, schedules, and drawings, within the time specified in Section 3 of this contract, or within any extension of such time, and such refusal or failure is not due to an excusable delay as hereinafter defined.

Termination shall be effected by delivery to the contractor of a Notice of Termination specifying the cause of termination, the extent to which performance of the contract shall be terminated, and the date upon which termination shall become effective. The date specified shall not be earlier than the date of receipt of the Notice of Termination.

(b) After receipt of Notice of Termination the contractor shall (1) terminate work on the contract on the date and to the extent specified in the Notice of Termination; (2) submit to the Government within ten (10) days after receipt of Notice of Termination a list of all unperformed orders and subcontracts relating to this contract; (3) place no further orders for materials or facilities except as may be necessary for completion of such portions of the contract as may not be terminated or as directed by the contracting officer; (4) cancel and terminate such orders and subcontracts as and when the contracting officer may direct; (5) assign to the Government all of the right, title and interest of the contractor under such orders or subcontracts as the contracting officer may direct; (6) transfer title to and deliver to the Government, in the manner and at the times directed by the contracting officer, such of the plans, drawings, materials, fabricated parts, work in process and completed work in process and completed work relating to the performance of this contract, as the contracting officer may direct; (7) complete performance of such part of the contract as shall not have been terminated by the Notice of Termination; and (8) take such action as the contracting officer may direct for the protection and preservation of the property in the possession of the contractor and in which the Government has an interest.

(c) After termination of this contract in the manner provided in this article, the Government shall pay to the contractor within a reasonable time after such termination the following:

(1) The true cost determined by the Bureau of Supplies and Accounts in accordance with the method set forth in Section 5 hereof of the work performed under the contract prior to the effective date of termination or under the terms of the notice of termination together with the proportion of the fixed fee which such true cost bears to the total estimated cost of performance of this contract revised as herein provided for cost of changes.

(2) Any reasonable expense incidental to termination under paragraph (b) hereof of orders or subcontracts.

(3) The reasonable cost of the preservation and protection of property as required under paragraph (b) hereof;

Provided, however, that with respect to a contract terminated for either of the causes set forth in paragraph (a) (2) or (a) (3) hereof, the portion of the fixed fee to be paid the contractor shall be one-half of the fixed fee otherwise payable to the contractor pursuant to this paragraph.

(d) The obligation of the Government to make any of the payments required under paragraph (c) hereof shall be subject to (1) any unsettled claims against the contractor for labor or materials, (2) any claim which the Government may have against the contractor, (3) deductions for any advance payments, progress payments, unit payments or partial payments made to the contractor under or in connection with this contract, and (4) reasonable deductions by the Government on account of defects in the materials or workmanship of completed or partially completed work delivered hereunder, or other defaults under this contract.

Section 14. EXCUSABLE DELAYS.

The contractor shall not be charged with any liability for failure or delay in making deliveries when such failure or delay (herein called an Excusable Delay) of the contractor in making deliveries is due to unforeseeable causes beyond the control and without the fault or negligence of the contractor, including but not restricted to (1) acts of God or of the public enemy, (2) acts of the Government of the United States or any state or political subdivision thereof, (3) fires, floods, explosions, earthquakes, or other catastrophes, (4) epidemics, (5) quarantine restrictions, (6) strikes, (7) freight embargoes, (8) unusually severe weather, (9) inability of the contractor to obtain equipment or material when the contracting officer determines that such inability is due to the operation of governmental priorities, preferences or allocations of equipment or material, (10) delays of subcontractor or supplier in furnishing material owing to one or more of the foregoing causes, unless the contracting officer shall determine that the materials or supplies to be furnished under the subcontract are procurable from other sources, and shall have ordered the contractor to procure such materials or supplies from other sources, or (11) delays or failure by Curtiss-Wright to deliver drawings, information or data as required by the contractor to fulfill this contract. If the contractor shall fail to notify the contracting officer in writing of the cause of any such excusable failure or delay within ten (10) days from the date it appears that such cause will delay deliveries under this contract or within such longer period as the contracting officer or his duly authorized representative, shall, prior to the date of final settlement of the contract, specify for the giving of such notice, the contractor shall lose all right to an extension of time for delivery by reason of such causes. Promptly on receipt of such notice, the contracting officer shall ascertain the facts and extent of failure or delay, and if the contracting officer shall find that the failure or delay was occasioned by any one or more of the said causes, he shall revise the delivery schedule accordingly. The finding of fact of the contracting officer shall be final and conclusive, subject only to appeal within thirty (30) days from the date of receipt by the contractor of written notice of the contracting officer's findings, to the Secretary of the Navy or his duly authorized representative, whose decision on such appeal, as to the facts of the failure or delay, shall be final and conclusive.

Section 15. PATENT INFRINGEMENT.

(a) The Government shall indemnify and hold harmless the contractor against any loss, damage or expense resulting from or occasioned by any infringement or alleged infringement of any letters patent of the United States or any design right, whether patented or not, except as provided in paragraph (b) hereof. It is specifically understood that the use of slotted wings in accord with the design drawings of the S03C type airplane are required and necessary to fulfill this contract and the Government directs that they be used, and that the above guarantee by the Government to indemnify and hold harmless the contractor against any loss, damage or expense resulting from or occasioned by any infringement or alleged infringement of any letters patent of the United States or design right, whether patented or not, is specifically recognized to include full protection against any claims or resulting from any claims of infringement based upon said use of slotted wings that may be made by the Handley-Page Aircraft Co., their successors, assignees or any other concern or individual.

The contractor shall promptly notify the Government in writing of any and all claims of infringement that may from time to time be brought to the contractor's attention and in case of litigation on account thereof the Government, if it desires to defend against any such claim, will assume the direct active defense thereof, and relieve the contractor of the payment of any moneys therefor. The contractor shall assist the Government at the latter's expense, save for services of the contractor's employees, in furnishing such evidence as to the use of the patents and other matters of fact as may be required by the Government in such litigation.

(b) Notwithstanding the foregoing, the contractor warrants that no invention described in and covered by a patent of the United States and no design right of any other person shall be knowingly used in connection with the performance of the contract by the contractor unless either: (1) the use thereof is expressly or impliedly required by the specifications or other provisions of this contract, or otherwise required or specified by the Government; or (2) the contractor is the owner of, or licensee under such patent or design right; or (3) in case of a patented article, the contractor procures the same in the open market; or (4) the contractor shall furnish to the contracting officer such information as may come to the knowledge of the contractor relative to any such invention or design right and the contracting officer shall not disapprove in writing the use of such invention or design right.

(c) The contractor shall not pay any sum for royalties or patent rights not included in the original purchase price of parts embodied in said aircraft and spare parts, unless and until duty authorized to make such payments by the Government. The Government hereby authorizes the making of such payments by the contractor as are presently required under the Cross License Agreement of the Manufacturers Aircraft Association.

Section 16. FEDERAL, STATE AND LOCAL TAXES.

If the contractor shall pay, directly or indirectly, through inclusion in the price of materials purchased or otherwise, any sales tax, duty, excise tax, use tax, occupational tax, gross receipts tax, or any other similar tax, license fee or charge applicable to the supplies covered by this contract, or other materials used in the manufacture thereof, or levied or imposed upon the importation, production, processing, manufacture or sale of such supplies or materials or upon gross receipts therefrom, which tax, license fee or charge must be borne by the contractor because of a specific contractual obligation or by operation of law, the Government shall reimburse the contractor for such payment as an element of cost hereunder; provided, however, that where possible, all invoices or vouchers submitted shall show separately the amount of such taxes, license fees or charges included therein, and provided further, that the contractor shall take such steps as may be requested by the Government to cause such taxes, license fees or charges to be paid under protest to preserve and to cause to be assigned to the Government any and all rights to the refund of such taxes, license fees or charges and to furnish to the Government, at its expense, all assistance and cooperation deemed necessary by the Government in any litigation or proceeding for the recovery of such taxes, license fees and charges, and provided further, that nothing contained herein shall be construed as requiring the Government to reimburse the contractor for any Federal or State income or excess profits taxes or surtaxes.

Section 17. INTERCHANGEABILITY.

The contractor shall use in the manufacture of the supplies to be furnished under the contract such suitable jigs, fixtures and/or other devices and appliances in all processes where such use is conducive to interchangeability and uniformity of the product.

Section 18. SECURITIES ACT.

The contractor agrees to file no application for registration under the Securities Act of 1933, as amended, containing any reference to this contract or its terms and provisions without first securing the consent of the Navy Department (Bureau of Supplies and Accounts). Requests for such consent will be addressed to the contracting officer.

Section 19. GOVERNMENT'S TITLE TO EQUIPMENT.

Title to any and all jigs, fixtures, patterns, forgings, tools and other similar articles or equipment, the cost of which shall be paid by the Government under the terms of this contract, shall vest in the Government immediately on their acquisition by the con-

tractor. Said articles and equipment shall remain in the custody and control of the contractor for use in the contractor's discretion in the manufacture of airplanes or airplane parts for the United States Government unless and until the contracting officer shall otherwise direct. The contractor shall exercise the same reasonable care with regard to said articles and equipment as it is required to exercise with regard to Government Furnished Equipment under Section 11(b) hereof. The Government agrees to reimburse the contractor for the reasonable cost of storage, insurance, care, and maintenance, and transportation to and from warehouses as necessary for any period immediately after the date of the completion and/or termination of this contract during which such articles and equipment remain unused in the custody of the contractor.

Section 20. DESIGN RESPONSIBILITY.

In releasing design data and/or drawings the Navy Department accepts no responsibility for the successful operation of the equipment manufactured to the same. It is however hereby understood that since the design of the airplanes and spare parts called for in this contract, and original engineering data relative thereto, are the products of the Curtiss-Wright Corporation and the same are being made available by the Curtiss-Wright Corporation at the instance and with the approval of the United States Government for the contractor's use in fulfilling this contract and are necessary thereto, anything in this contract to the contrary notwithstanding, the contractor will not, except to the extent that the contractor may itself have prepared or constructed said design or engineering data, be held responsible in any manner for the design of the said airplanes or any parts thereof or as to the accuracy of the engineering data relative thereto, or anything governed, determined, controlled by or resulting from said design or engineering data. The contractor shall not be held liable (except to the extent that it shall be responsible or partially responsible for such failure by failing to use its best efforts to enforce its rights under this contract with Curtiss-Wright Corporation attached hereto as Exhibit I) for any failure on the part of Curtiss-Wright to furnish to the contractor correct and complete drawings, design and engineering data on delivery dates, which are necessary to enable the contractor to meet the delivery dates to the Navy specified herein for airplanes, spare parts and data. Nothing herein shall be construed to relieve the contractor of its duty to use its best efforts to obtain the said necessary data from Curtiss-Wright Corporation and its obligation to manufacture the articles called for herein in accordance with the drawings, data and information to be furnished to the contractor by the Curtiss-Wright Corporation as referred to herein, except as same may be changed with approval of the United States Government.

Section 21. WEIGHT CONTROL.

A system of weight control during design and construction satisfactory to the Inspector of Naval Aircraft, shall be provided by the contractor in accordance with Bureau of Aeronautics Specification SR-5C (latest issue as of date hereof).

Section 22. SECRECY, NEW FEATURES OF DESIGN.

The contractor agrees that this contract is made on the express condition that the subject matter involved affects and relates to the national defense of the United States, and that the Navy Department holds the right to maintain all new features of design involved in this contract confidential until such time as it deems it advisable to release them. The contractor obligates itself to comply with such secrecy requirements to the best of its ability and agrees not to publish, divulge, or sell anything pertaining thereto until specifically authorized so to do by the Navy Department.

Section 23. DUPLICATION OF DESIGN.

This contract is on the express condition that the Government has the right, without further compensation to the contractor, to construct or have constructed for Government use according to the design or drawings, plans, and specifications forming a part of this contract any number of articles or parts, and to use and/or sell said articles or parts according to law as condemned material or to dispose of same in accordance with the provisions of Public Law No. 11 (HR 1776) 77th Congress, approved March 11, 1941. Nothing in this section shall apply to design or patent rights not owned or controlled by the contractor. The right to duplicate parts of the design of this contract, for use in complete articles of design other than that of the contract, shall be limited to such parts as were developed for the first time in connection with this contract or contracts for the prototype article.

Section 24. RENEGOTIATION PURSUANT TO SECTION 403 OF THE 6TH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION ACT, 1942, APPROVED 28 APRIL 1942

(a) Upon the written request of the Secretary of the Navy, at such period or periods when in the judgment of the Secretary of the Navy profits accruing to the Contractor under this contract can be determined with reasonable certainty, the contract price shall be renegotiated to eliminate therefrom such amount as is found as a result of such renegotiation to represent excessive profits.

(b) There shall be retained by or repaid to the Government (1) the amount of the contract price found as a result of such renegotiation to represent excessive profits to the Contractor, and (2) an amount of the contract price equal to the amount of the reduction in the price of any subcontract hereunder pursuant to the renegotiation of such subcontract as provided in subsection (c) hereof, not otherwise repaid to the Government, to the extent of any amount unpaid under such subcontract by the contractor to the subcontractor.

(c) Any subcontract entered into under this contract for an amount in excess of $100,000 shall contain substantially the following provisions:

(1) Upon the written request of the Secretary of the Navy, at such period or periods when in the judgment of the Secretary of the Navy the profits accruing to the _____ under this contract can be determined with reasonable certainty, the contract shall be renegotiated by the Secretary of the Navy and _____ to eliminate therefrom such amount as is found as a result of such renegotiation to represent excessive profits.
(subcontractor) (subcontractor)

(2) There shall be retained by The Ryan Aeronautical Co. or repaid to the Government at the direction of the Secretary of the Navy any amount of the contract price found as a result of such renegotiation to represent excessive profits to _____
(subcontractor)

(3) The Ryan Aeronautical Co. is hereby relieved from any liability to _____ on account of any amount retained or repaid pursuant to paragraph (2).
(subcontractor)

(d) The term "Secretary of the Navy" for the purpose of this article shall be deemed to include any authorized representative of the Secretary.

(e) The Contractor agrees that it will keep records and books of account showing the cost of performing this contract, in accordance with sound accounting practice. The Contracting Officer and his authorized representatives shall at all reasonable times have access to all records, books of account and original evidences of cost of the Contractor pertaining to this contract. The Contractor shall preserve all such records, books of account and original evidences of cost for a period of three years after the completion or other termination of this contract and, if it is determined to renegotiate the price herein, for such additional period as may be necessary.

Section 25. CHANGES.

(a) The specifications, drawings and/or designs may at any time be changed by agreement in writing between the contractor and the Bureau of Aeronautics, provided that each desired change shall be requested in writing by the party desiring it. In the absence of agreement, the final decision of any such request shall be made by the Bureau of Aeronautics in writing, provided it shall have accorded the contractor an opportunity for a hearing. A reasonable time shall be set by the Bureau of Aeronautics for such hearing, and pending such final decision, production and acceptance shall proceed as if no request for a change had been made. Changes agreed to or so decided upon shall be incorporated as rapidly as practicable, but in such manner as not unduly to interfere with continuity of production. No such change involving an increase or decrease in estimated cost or fixed fee shall be put into effect unless and until it is authorized in writing by the Bureau of Supplies and Accounts after recommendation from the Bureau of Aeronautics and statement that the increase or decrease agreed upon is reasonable and in the interest of the Government, and is the total difference in estimated cost or fixed fee due to such change.

(b) When changes are proposed by either party, the contractor shall submit an

itemized statement of the effect on estimated cost and delivery dates for the entire contract, together with appropriate data concerning the effect on the weight empty and performance guarantees and the useful load. Increases or decreases in the weight empty guarantee and useful load will be stated in all changes. Small revisions in the performance guarantees will be designated as negligible in the applicable changes, with the understanding that, when the accumulated effect of several such changes increases (or decreases) the maximum speed by 1.0 m.p.h., minimum speed by 0.5 m.p.h. or take-off in a 25 knot wind (only airplanes equipped for carrier operation) by 10.0 ft., it shall be the contractor's responsibility to submit complete revised performance guarantees. Immediately prior to delivery of the airplane for demonstration and trials, it shall be the contractor's responsibility to submit a final proposed revision of the performance guarantees covering any change in the engine rating, any overweight or underweight of Government furnished material or any negligible changes not previously considered. Detailed calculations shall be furnished to substantiate all proposed revisions of the performance guarantees.

(c) The contracting officer may at any time and without notice to the sureties, if any, make changes in this contract within the general scope thereof and this contract is based upon the express condition that such changes may be made.

Section 26. ELIGIBILITY.

The contractor hereby represents that it is eligible to enter into this contract under the provisions of Public Resolution No. 54, 76th Congress, approved 4 November 1939.

Section 27. TRANSFER OR ASSIGNMENT.

(a) Neither this contract, nor any interest herein except as otherwise provided in this article, shall be transferred by the contractor to any other party or parties.

(b) Claims for moneys due or to become due to the contractor from the Government arising out of this contract may be assigned to a national bank or to any bank, trust company or other financing institution that is a member of the Federal Reserve System or whose deposits are insured by the Federal Deposit Insurance Corporation, or to any Federal lending agency. Any such assignment shall cover all amounts payable under this contract and not already paid, shall not be subject to further assignment, and shall not be made to more than one party, except that any such assignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract. In the event of any such assignment, the assignee thereof shall file written notice of the assignment together with a true copy of the instrument of assignment with (1) the General Accounting Office of the Government (2) the contracting officer, (3) the surety or sureties upon the bond or bonds, if any, in connection with this contract, and (4) the disbursing officer designated to make payments under this contract.

(c) Payments to an assignee of any claims arising under this contract shall not be subject to reduction or set-off for any indebtedness of the contractor to the United States arising independently of this contract.

(d) In no event shall copies of any plans, specifications, or other similar documents marked "secret," "confidential," or "restricted," annexed or attached to this contract be furnished to any assignee of any claim arising under this contract or to any other party not otherwise entitled to receive the same.

Section 28. INSURANCE AGAINST RISK OF LOSS OR DAMAGE:

"(a) The contractor shall, as a condition precedent to the receipt of any partial payment from the Government on account of any material, supplies or equipment in the possession of the contractor, insure the same against the usual risks of loss or damage, shall thereafter keep said material, supplies or equipment insured against the usual risks of loss or damage while the contractor remains responsible therefor as provided in this contract, and shall insure and keep insured all material, supplies or equipment furnished to the contractor by the Government against the usual risks of loss or damage while the contractor remains responsible therefor as provided in this contract as follows:

"(1) By a policy or policies of fire insurance with extended endorsements;

"(2) By a policy or policies of insurance covering flight operations, except flight operations conducted by the Government, if said material, supplies or equipment comprise aircraft;

"(b) The insurance shall be in a sum at least equal to the amount of the Government's interest in the subject matter, shall be in the name of the United States of America and/or the contractor, and shall be effected with such domestic underwriters as may be approved by the Secretary of the Navy. The policies shall contain a loss payable clause making losses payable to the Secretary of the Navy, or order. No coinsurance clauses shall be included in any policy or policies furnished hereunder. Any payments thereunder shall inure to the benefit of the United States to the extent of any loss suffered by the United States and not made good by the contractor, as hereinbefore provided, and to the contractor as to any remaining balance or otherwise.

"(c) Insurance policies shall be filed with the Judge Advocate General of the Navy, who shall retain custody thereof until delivery of the subject matter thereof in accordance with the provisions of this contract.

"(d) In lieu of specific insurance policies hereunder the Secretary of the Navy may, in his discretion, accept coverage under shop or blanket insurance written by domestic underwriters and carried by the contractor where such shop or blanket insurance is of sufficient magnitude and of broad enough coverage to provide ample protection for the United States, and the contractor certifies such fact, under corporate seal, to the Secretary of the Navy. The certificate provided for herein shall contain a list of the underwriters and the amount of coverage carried by each. The Secretary of the Navy may, in his discretion, require the contractor to submit the policies of shop or blanket insurance for his inspection as to adequacy of insurance, which policies shall be returned to the contractor upon the completion of such inspection."

Section 29. ALIEN EMPLOYEES OF CONTRACTOR AND SUBCONTRACTORS

(a) This contract is identified by the Navy Department as a restricted Government contract within the meaning of Section 11 of 54 Stat. 676 (Public No. 671, 76th Congress) and it is agreed that no aliens in the employ of the contractor shall be permitted to have access to the plans or specifications or the work under the contract or to participate in the contract trials unless the written consent of the Secretary of the Navy has first been obtained.

(b) In each subcontract or purchase order which the contractor may make or place under this contract there shall be included a stipulation that no aliens in the employ of the corporation, partnership or other person undertaking the performance of the subcontract or purchase order shall be permitted to have access to the plans or specifications, or the work under the contract or to participate in the contract trials, unless the written consent of the Secretary of the Navy has first been obtained: Provided, That such stipulation need not be included in any subcontract or purchase order for standard or commercial products procured under specifications which will not disclose the nature or character of the subject matter of this contract or any other information relative thereto which has been identified by the Navy Department as Secret, Confidential or Restricted; Provided further, that such stipulation need not be included in a subcontract or purchase order if the contracting officer or the naval inspector charged with the duty of inspecting the work or materials covered by this contract shall consent to the omission of such stipulation from such subcontract or purchase order or to the inclusion of a different stipulation therein.

Section 30. DISCLOSURE OF INFORMATION.

(a) It is understood that the work contracted for hereunder relates to and is connected with the national defense (the prosecution of the war effort), and it is agreed: (1) That no information relating to the work under this contract shall be communicated, transmitted, or disclosed to any person not entitled to receive it; and (2) that the contractor shall be responsible for safeguarding matters within the contractor's control identified by the Navy Department as Secret, Confidential or Restricted.

(b) Information contained in the plans and specifications may be disclosed to the officers, agents, or employees of the contractor to the extent that such disclosure is essential to the performance of this contract, subject to any restrictions which may be imposed by the contracting officer or the naval inspector charged with the duty of inspecting the work or materials covered by this contract. Information contained in the plans and specifications may be disclosed to officers, agents, or employees of corporations, partnerships or persons undertaking the performance of subcontracts or purchase orders made or placed under this contract only if the contracting officer or the naval inspector charged with the duty of inspecting the work or materials covered by this contract shall consent to such disclosure.

(c) It is further understood that disclosure of information relating to the work contracted for hereunder to any person not entitled to receive it, or failure to safeguard all matters within the contractor's control identified by the Navy Department as Secret, Confidential or Restricted, may subject the contractor, his or its agents, employees, and subcontractors, to criminal liability under the laws of the United States, including Title I of an Act approved June 15, 1917 (Public No. 24, 65th Congress; 40 Stat. 217), as amended by an Act approved March 28, 1940 (Public No. 443, 76th Congress; 54 Stat. 79) (50 U. S. Code (1940 ed.) Chap. 4), and the provisions of an Act approved January 12, 1938 (Public No. 418, 75th Congress; 52 Stat. 3; 50 U. S. Code (1940 ed.) 45-45d), as supplemented by Executive Order No. 8381, dated March 22, 1940.

Section 31. REPORTS OF ESPIONAGE, SABOTAGE OR SUBVERSIVE ACTIVITIES.

(a) The contractor agrees that it will immediately submit a confidential report to the Navy Department or its duly authorized representatives, with copies to such other Government agencies as the Navy Department or its duly authorized representatives may designate, whenever it has information indicating (1) that any of its employees may be engaged in subversive activity at any place or (2) that an active danger of espionage or sabotage exists at any plant, factory or site at which work under this contract is being performed or at which material acquired, fabricated or manufactured in connection with the performance of this contract is stored. The report shall contain a complete statement of such information. The contractor agrees that it will instruct its personnel to submit any information coming to their attention with respect to the foregoing.

(b) The contractor agrees that it will, whenever directed by duly authorized representatives of the Navy Department, submit any and all information which the contractor may have concerning any of its employees engaged in work at any plant, factory or site at which work under this contract is being performed.

(c) The contractor agrees that it will refuse to employ, or if already employing will forthwith discharge from employment, and will exclude from any plant, factory or site at which work under this contract is being performed, any person or persons whom the Secretary of the Navy or his duly authorized representatives, in the interest of security against espionage, sabotage or subversive activity may designate.

(d) In each subcontract or purchase order which the contractor may make or place under this contract the contractor shall include stipulations which shall conform substantially to the language of the preceding paragraphs of this Article: Provided, That such stipulations need not be in any subcontract or purchase order for standard or commercial products procured under specifications which will not disclose the nature or character of the subject matter of this contract; Provided, further, that such stipulations need not be included in a subcontract or purchase order if the contracting officer or the naval inspector charged with the duty of inspecting the work or materials covered by this contract shall consent to the omission of such stipulations or to the inclusion of different stipulations therein.

Section 32. REPRESENTATIONS AND STIPULATIONS PURSUANT TO PUBLIC ACT NO. 846, 74th CONGRESS.

It is understood and agreed that this contract shall be subject to the representations and stipulations of Public Act No. 846, 74th Congress, and regulations issued by the Secretary of Labor pursuant thereto as follows:

a. The contractor is the manufacturer of the materials, supplies, articles, or equipment to be manufactured or used in the performance of the contract.

b. All persons employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract will be paid, without subsequent deduction or rebate on any account, not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the materials, supplies, articles, or equipment are to be manufactured or furnished under the contract: Provided, however, That this stipulation with respect to minimum wages shall ap-

ply only to purchases or contracts relating to such industries as have been the subject matter of a determination by the Secretary of Labor.

c. No person employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract shall be permitted to work in excess of 8 hours in any 1 day or in excess of 40 hours in any 1 week, unless such person is paid such applicable overtime rate as has been set by the Secretary of Labor; Provided, however that the provisions of this stipulation shall not apply to any employer who shall have entered into an agreement with his employees pursuant to the provisions of paragraphs 1 or 2 of subsection (b) of Section 7 of an Act entitled "The Fair Labor Standards Act of 1938": Provided, further, that in the case of such an employer during the life of the agreement referred to, the applicable overtime rate set by the Secretary of Labor shall be paid for hours in excess of 12 in any 1 day or in excess of 56 in any 1 week and if such overtime is not paid, the employer shall be required to compensate his employees during that week at the applicable overtime rate set by the Secretary of Labor for hours in excess of 8 in any 1 day or in excess of 40 in any one week.

d. No male person under 16 years of age and no female person under 18 years of age and no convict labor will be employed by the contractor in the manufacture or production or furnishing of any of the materials, supplies, articles, or equipment included in the contract.

e. No part of the contract will be performed nor will any of the materials, supplies, articles, or equipment to be manufactured or furnished under said contract be manufactured or fabricated in any plants, factories, buildings, or surroundings or under working conditions which are insanitary or hazardous or dangerous to the health and safety of employees engaged in the performance of the contract. Compliance with the safety, sanitary, and factory inspection laws of the State in which the work or part thereof is to be performed shall be prima-facie evidence of compliance with this subsection.

f. Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of contract, in the sum of $10 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of the contract, and a sum equal to the amount of any deductions, rebates, refunds, or underpayment of wages due to any employees engaged in the performance of the contract: and, in addition, the agency of the United States entering into the contract shall have the right to cancel same and to make open market purchases or enter into other contracts for the completion of the original contract, charging any additional cost to the original contractor. Any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations of the contract as set forth herein may be withheld from any amounts due on the contract or may be recovered in a suit brought in the name of the United States of America by the Attorney General thereof. All sums withheld or recovered as deductions, rebates, refunds, or underpayments of wages shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered: Provided, That no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the contractor of the withholding or recovery of such sums by the United States of America.

g. The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

h. The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of $10,000.00.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation c, shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after eight hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of eight hours without payment of the overtime rate.

The stipulations affecting employees shall be deemed applicable only to employees engaged in or connected with the manufacture, fabrication, assembling, handling, supervision, or shipment of materials, supplies, articles, or equipment required under the contract and shall not be deemed applicable to office or custodial employees.

Any contractor subject to the representations and stipulations embodied herein shall maintain the following records of employment which shall be available for the inspection and transcription of authorized representatives of the Secretary of Labor.

a. Name, address, sex, and occupation of each employee covered by the contract stipulations.

b. Date of birth of each such employee under 21 years of age.

c. Wage and hour records for each such employee including the rate of wages and the amount paid each pay period, the hours worked each day and each week, and the period during which each such employee was engaged on a government contract with the number of such contract. Compliance with this subsection shall be deemed complete if wage and hour records for all employees in the plant are maintained during the period between the award of any government contract and the date of delivery of the materials, supplies, articles, or equipment: Provided, That where no separate records for employees engaged on government contracts are maintained, it shall be presumed until affirmative proof is present to the contrary that all employees in the plant, from the date of award of any such contract until the date of delivery of the materials, supplies, articles, or equipment, were engaged on such government contract.

Section 33. BILLING INSTRUCTIONS.

Invoices in payment shall bear the following certificate signed by the duly authorized representative of the contractor billing the material:

> I certify that the above bill is correct and just; that payment therefor has not been received; and that all statutory requirements as to American production and labor standards, and all conditions of purchase applicable to the transaction have been complied with.

The prescribed certificate shall be printed, typed or stamped on the voucher or invoice. In cases where it is physically impossible to execute an additional certificate on the face of the invoice, this certificate will be placed on the reverse of the invoice, additional (separate) sheet for certification only will not be accepted.

Section 34. GENERAL SPECIFICATIONS FOR INSPECTION OF MATERIAL.

"General Specifications for Inspection of Material," issued by the Navy Department July 1, 1941, shall form a part of the Specifications, copies of which together with any Navy Standard or Federal Specification (if mentioned herein), may be obtained upon application to the Supply Officer of any Navy Yard, the Navy Purchasing Officer, Newport, R. I., New York, N. Y., and San Francisco, California, or to the Bureau of Supplies and Accounts.

Section 35. REPORT OF SHIPMENT.

Shipments shall be made in accordance with Paragraph 58 of "General Specifications for Inspection of Material." Within 48 hours after shipment contractor shall furnish to inspector a report of material shipped. In case the inspection is being conducted by a branch officer this report will be furnished to that branch office unless otherwise directed.

Place of manufacture and location of articles to be inspected is San Diego, Calif.

LETTER AGREEMENT

BETWEEN

CURTISS-WRIGHT CORPORATION

AND

RYAN AERONAUTICAL COMPANY

DATED: JUNE 30, 1942

The stipulations affecting employees shall be deemed applicable only to employees engaged in or connected with the manufacture, fabrication, assembling, handling, supervision, or shipment of materials, supplies, articles, or equipment required under the contract and shall not be deemed applicable to office or custodial employees.

June 30, 1942

RYAN AERONAUTICAL COMPANY
Lindbergh Field
San Diego, California

Dear Sirs:

We understand that the United States Government wishes you to become a producer of the Curtiss SO3C type airplane, in order that our production facilities may be relieved to a certain extent and diverted as much as possible to other production. Therefore, in the interest of the National Defense Program, and at the instance of the United States Government, we agree to extend to you for the period limited in this agreement, the benefit of our experience in airplane production technique and in manufacturing Curtiss SO3C type airplanes (exclusive of propellers and engines) and to furnish you the assistance and services described below to help you in the manufacture thereof:

1. *Definition.* For the purpose of this letter agreement, the Curtiss SO3C type airplane is that airplane referred to and described in Contract NOs-LL-96676 between the United States of America and Ryan Aeronautical Company.

2. *Handley-Page Patents.* We have a personal limited non-exclusive license agreement with Handley-Page Limited, dated August 3, 1939 (a copy of which has been supplied to you) for the manufacture of airplanes only within the United States and Cuba, without any right to sublicense and with various restrictions against disclosure of information with respect to the subject matter of such patents or inventions (as for example paragraphs 6(j) and (k) of said agreement). Therefore, no right or license of any nature whatsoever is granted to you hereunder with respect to any patents or inventions in any country owned or controlled by Handley-Page Limited. Furthermore, you agree to and hereby do indemnify and hold us harmless against any and all claims, ac-

The stipulations affecting employees shall be deemed applicable only to employees engaged in or connected with the manufacture, fabrication, assembling, handling, supervision, or shipment of materials, supplies, articles, or equipment required under the contract and shall not be deemed applicable to office or custodial employees.

tions, expenditures, losses and damages with respect to or resulting from any alleged or actual infringement or contributory infringement of any of said Letters Patent or inventions by us arising out of or in connection with your manufacture or sale of airplanes under this present agreement or with respect to or resulting from any breach or alleged breach of our said agreement with Handley-Page Limited by reason of our compliance with any of the provisions of this agreement with you.

3. *Drawings and Data.* We agree to furnish and deliver to you the information, drawings and reports (which need not be returned to us) relating to the SO3C type of airplane as listed in Exhibit A annexed hereto and made a part hereof, at the times specified therein. If any additional information, data, drawings, or reports are necessary to construct the said airplanes, such additional information, data, drawings and reports shall be furnished by Curtiss to Ryan at cost whenever the same shall not conflict with requirements of Curtiss to maintain its production schedules. Where the same shall not interfere with production schedules under our existing program and to an extent not in conflict with our own requirements, we agree to provide space within our factory area for your authorized representatives, including engineers, loftsmen, and mechanics engaged in the duplication of templates, loft lines, plaster copies of drop hammer and draw dies, and check patterns for dies, and to make available to them for duplication, the templates, loft lines, dies, plasters and patterns of the SO3C type airplane which cannot be duplicated from other information.

4. *Changes and Improvements.* We also agree to furnish you copies of data similar to that referred to in paragraph "3" above, covering changes and improvements in the design and manufacture of the Curtiss SO3C type airplane, and covering any differences between such airplane and the similar airplanes currently being manufactured by us. Such changes and improvements in design and manufacturing methods effected by us shall be delivered to you when ready for release.

You agree likewise to advise us of any changes or improvements of any nature whatsoever effected by you in the manufacture of the Curtiss SO3C type airplane. Such changes and improvements in manufacturing methods effected by you shall be delivered to us when ready for release.

It is agreed by you that general and detail design changes of the SO3C type airplane to be effected by you shall in all cases be subject to the prior approval of and release by the Bureau of Aeronautics. In the event that any such change effected by you shall not also have the prior approval of and release by Curtiss, then Curtiss shall have no obligation to furnish drawings, data or other information hereunder, or otherwise, with respect to such change.

5. A. *Technical Assistance of Curtiss Engineers.* During the term of this contract, on your request, we agree to furnish to you technical assistance and advice in connection with the manufacture and assembly of the Curtiss SO3C type airplane, insofar as such service and assistance is not in conflict with the requirements placed upon us by the United States Government. As part of such assistance we will furnish to you upon your request the services of Curtiss engineers to assist you in the manufacture, assembly and testing of these airplanes. You agree to pay to us the cost of the services of any such engineers together with all reasonable traveling and living expenses from the time that such engineers leave our factory until their return thereto, as determined by the Navy Department (Bureau of Supplies and Accounts). We have provided Workmen's Compensation Insurance which covers any such engineers while working at your plant. We understand that you will purchase and maintain Public Liability Insurance to cover any liability which may arise from any act or omission on the part of any such engineers of ours while in the course of their employment at your plant.

B. *Ryan Technicians in Curtiss Factory.* During the term of this contract, you may, upon obtaining any necessary governmental permission therefor, send six, or as many more as we deem necessary or desirable (at any one time) of your technicians

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to our plant at Columbus, Ohio, to observe and study the methods employed by us in the manufacture and assembly of this airplane subject to the following conditions:

(1) You agree to pay all salaries and wages of such technicians and to bear all traveling, living and other expenses which may be incurred in this connection;

(2) We shall not be required to admit such technicians or representatives to any portion of our factory

(a) where work of a secret or confidential nature is in process, unless access to such portion is necessary to furnish you with information required by you under this letter agreement; or

(b) where such admission is prohibited by laws, requirements, or restrictions of the United States Government;

(3) Whenever more than one such technician or representative are stationed in our factory they will be under a responsible and capable leader who will secure from them conformance to the rules and regulations established by us;

(4) We will not be liable for injuries to or death of any such representatives while at our plant or for injury, damage or loss to their property; and you agree to purchase and maintain insurance acceptable to us which will insure, indemnify and hold Curtiss and Ryan harmless from any such liabilities.

6. *Patents.* If any patent infringement action is threatened or instituted against you based on your manufacture or sale of airplanes under your Contract NOs-LL-96676 with the United States Government, we will, at your request, cooperate with you by furnishing to you any assistance which you may reasonably require in connection with the defense thereof including the production of witnesses, data and other matters within our control. If a settlement of any such action or claim is effected by you without our written consent, you shall procure from the party or parties with whom the settlement is thus effected, a written agreement that such a settlement is effected without prejudice to us of any sort with respect to or in connection with said infringement or

claim or claims to which such settlement relates. We assume no obligation or liability whatsoever in connection with any injunction or judgment resulting from any such action instituted against you or for the payment of any amounts in settlement thereof. It is understood, of course, that you will reimburse us for our costs and expenses (including counsel fees) in assisting you in the defense of any such action.

Nothing herein shall be deemed to change or modify in any way the rights and obligations of the parties hereto under paragraph "2" hereof.

It is not intended that construction by you of such SO3C type airplane shall be limited or increased in cost by virtue of any patent rights which may be under our ownership or control, and we hereby agree that we will not assert any demand or maintain any action in law or in equity against you by reason of employment by you in construction of such SO3C type airplane of any feature or features covered by patent rights which we may now own or control.

7. *Payment.* In consideration for the performance by us of the agreements herein contained you agree to pay us a fixed fee of four hundred and fourteen thousand, three hundred ninety-six dollars ($414,396), which shall be paid by you to us as follows:

25% of said amount within thirty (30) days following approval by the Government of this contract;

5% of said amount at the expiration of sixty (60) days from the approval by the Government of this contract;

5% of said amount per month at the end of each succeeding month during the life of this contract until 95% of said fee shall have been paid; and

the final 5% of said amount upon delivery by you to the Government of the 1,000th airplane under contract NOs-LL-96676.

In addition to the payments hereinabove provided you shall pay us the costs and expenses in connection with the services of engineers as provided for in paragraph 5-A hereof, plus any fur-

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ther amounts which may be due by reason of our furnishing to you additional information, data, drawings or reports in accordance with the provisions of the second sentence of paragraph 3, upon submission by us to you of invoices approved by the Naval cost inspector at our plant.

Inasmuch as the services to be performed by us are not directly related to the number of airplanes to be delivered by you or to the rate of delivery, in the event that your contract with the United States Government NOs-LL-96676 shall be terminated prior to delivery of the one thousandth airplane the percentage payments above set forth shall not be affected, except that the payment next due after the date of such termination shall be prorated on the basis of elapsed days and the appropriate portion of such payment, together with all subsequent payments, shall be waived.

8. *Prevention of Performance.* Neither of the parties hereto shall be deemed to have breached this agreement by reason of failure to perform any obligations hereunder provided such failure shall be due to strikes, fire, acts of God or a public enemy, riot, incendiary, interference by civil or military authorities, compliance with orders of the President of the United States or other Governmental agencies, delays in transit or delivery on the part of transportation companies or any other cause of the same or a different nature beyond its control or without its fault, or by reason of any act or failure to act on the part of the Company claiming the breach.

9. *Term of Agreement.* All rights and obligations under this contract, except your unperformed obligation to make any payments and except the rights and obligations set forth in paragraphs 2 and 6 hereof shall cease and terminate:

i. Upon the acceptance by the Government of the one thousandth airplane manufactured by you under Contract NOs-LL-96676 with the United States Government or

ii. Upon the termination of Contract NOs-LL-96676 between Ryan and the United States Government, whichever shall first occur.

10. *Limitation of Rights.* It is distinctly understood between us that no rights of any kind are granted to you hereunder other than as specifically set forth in this agreement. It is also understood and agreed that upon the expiration or termination of this agreement, all rights and obligations hereunder except as otherwise specified shall cease and terminate. Except as may be necessary in the construction of such SO3C type airplanes for or with the approval of the United States Government, you agree that you will make no disclosure of the SO3C drawings, design information, and data furnished to you hereunder.

11. *Construction of Airplanes, Quality of Material and Workmanship.* It is definitely understood between us that we assume no responsibility for the construction of the airplanes in accordance with drawings, design information and data to be furnished you by us or for the quality of material and workmanship of airplanes built by you of the Curtiss SO3C type and you agree to indemnify and hold us harmless against any claims of third parties arising out of or resulting from your failure to construct said airplanes in accordance with said drawings, design information and data and for any fault in the quality of material and workmanship of said airplane.

It is further understood between us that we shall not be liable by reason of errors or omissions in any data, information or services to be furnished under this agreement, but the foregoing shall not relieve us from our obligation to furnish the data, information and services as herein provided and we shall use efforts, reasonable and appropriate under the circumstances, to avoid omissions or errors therein.

12. *Assistance to Ryan in Procuring Supply Sources.* To the extent that the same is not in conflict with the requirements placed upon us by and under our contracts with the United States Government, we agree to aid and assist you in procuring and establishing sources of supply for the materials needed in the manufacture and assembly of the SO3C type airplane. Whenever the same shall not conflict with our requirements for materials, we will authorize, upon your request, vendors of raw, semi-fabricated and fabricated

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materials used or applicable to the SO3C type airplane to use our patterns, dies, jigs and fixtures in the fabrication of such materials on terms to be fixed by and between you and such vendors.

13. *Conformance with Laws and Regulations.* It is understood and agreed that the performance of this contract is and shall be subject in all respects to laws, rules, regulations, requirements, demands and proclamations of the United States Government or its duly authorized representatives and of all subdivisions of the Government which now govern or which may hereafter govern the subject matter of this agreement and of your contract NOs-LL-96676 with the United States Government.

14. *Construction.* This agreement between us shall be construed and interpreted in accordance with the laws of the State of New York but no court of competent jurisdiction shall be deprived of jurisdiction hereby.

If the foregoing is acceptable to you, will you please indicate your acceptance thereof by signing and returning to us the enclosed counterpart of this letter.

Very truly yours,

CURTISS-WRIGHT CORPORATION,
By *G. B. Clark*
Manager of Military Contracts

Accepted: June 30, 1942.

RYAN AERONAUTICAL COMPANY,
By *E. Molloy*
V. Pres. & Wks. Mgr.

EXHIBIT A

REFERRED TO IN PARAGRAPH "3" OF CURTISS-WRIGHT-RYAN AGREEMENT

Items and Pieces

I. Engineering Information and Services

a. (1) 1 set of paper Van Dykes of SO3C-1 and SO3C-4 details and assembly drawings and 1 set of Van Dykes of each changed and new drawing until photo-lith prints have been supplied as per item k, below.

(2) 1 Van Dyke copy of a list of numbers of these drawings.

b. (1) 2 copies of every SO3C-1 Engineering Order that had been incorporated on drawings prior to December 1, 1941.

(2) 1 Van Dyke copy of all other SO3C-1 and SO3C-4 Engineering Orders.

(3) 1 copy of description of Engineering Order System.

(4) 1 copy of all SO3C-4 group release sheets and engineering hold-up orders and revisions as released.

c. 2 copies of Bill of Material to U. S. Army Spec. 98-40038H, and revisions as issued for our own requirements.

d. (1) Duplicate copies of Title and Material Master I.B.M. cards covering all SO3C-1 and SO3C-4 releases, and duplicate copies of all changed cards.

(2) 1 copy of I.B.M. wiring diagrams necessary to use above cards.

(3) 2000 Form 198-5 release sheets, 5000 Form 199-6 release change notice up to 5000 more Form 199-6 if required.

(4) 1 copy, Material Code Book.

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Items and Pieces (Continued)

I. Engineering Information and Services (Continued)

e. 1 set of all SO3C-1 and SO3C-4 photographs which we are obligated to furnish according to the terms of Contract 76800.

f. 1 Van Dyke copy of each of the weight, flight test, structural tests, and stress analysis reports required under Contract 76800 which are applicable to SOR-1 airplanes, and as are necessary to substantiate the guarantees on SOR-1 airplanes.

g. (1) 2 copies each of Erection & Maintenance Manual & Pilots Handbook for SO3C-1 and SO3C-4 airplanes.

(2) 2 copies of Handbook of Instructions for Structural Repairs of SO3C-4 airplanes.

h. 2 copies of each of the first and second SO3C-1 Spare Parts List and the SO3C-4 Spare Parts List.

i. Drawing stress checks and structural salvage reports on the SO3C-1 and SO3C-4 airplanes to be made available for copying.

j. 2 copies each of Curtiss Finish Specification, Standards Book, Process Specification, Structures Manual, Engineering Manual, and Inspection Manual, to be returned to us at the termination of their usefulness to you in building SOR-1 airplanes.

k. 1 set of photo-lith prints on cloth made from inked tracings on cloth of final corrected drawings of the SO3C-4 airplane.

II. Planning & Tool Information and Services

a. 1 set of paper Van Dykes of SO3C-1 and SO3C-4 tool drawings and 1 Van Dyke copy of each changed or new drawing affecting SO3C-1's and SO3C-4's (we wish to note that some tools are called out on operation sheets for which no tool drawings have been or will be made).

b. 2 copies of each Operation Sheet written for SO3C-1 and SO3C-4 airplanes and two copies of each changed Operation Sheet affecting SO3C-1 and SO3C-4 airplanes.

Items and Pieces (Continued)

II. Planning & Tool Information and Services (Continued)

c. 2 copies of our Assembly Priorities Sheets for the SO3C-1 airplane and 2 copies of each changed or new Assembly Priorities Sheet affecting SO3C-1 and SO3C-4 airplanes, as available and prepared for our own use.

d. 1 copy of any information we have available and prepared for our own use on times required to perform certain operations on SO3C-1 and SO3C-4 airplanes in this plant.

III. Purchasing Information and Services

a. 1 copy of a list of Vendors and Subcontractors furnishing items for the SO3C airplane.

The above items are considered necessary to provide all information required to construct SOR-1 airplanes as described in Contract NOs-LL-96676.

Every effort will be made to furnish the above items at the earliest date possible. (SO3C-1 drawings will be delivered about June 1, 1942, and data for flight tests will be delivered about September 1, 1942.) Changed drawings and data will be delivered when ready for release.

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